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ABSTRACT

Bill S. 3657 to amend chapter 34 of title 38, United States Code, and amendments to bill are reported. This bill and its amendments concern advance educational assistance allowance payments to eligible veterans at the beginning of any school year to assist such veterans in meeting educational and living expenses during the first two months of school, and to establish a veterans' work-study program through which the veteran could augment his educational assistance allowance. (DB)

U.S. DEPARTMENT OF HEALTH, EDUCATION & WELFARE
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VETERANS' ADVANCE EDUCATIONAL ASSISTANCE ALLOWANCE AND WORK-STUDY PROGRAM

September 23, 1970.—Ordered to be printed

Mr. Cranston, from the Committee on Labor and Public Welfare, submitted the following

REPORT

[To accompany S. 3657]

The Committee on Labor and Public Welfare, to which was referred the bill (S. 3657) to amend chapter 34 of title 38, United States Code, to authorize advance educational assistance allowance payments to eligible veterans at the beginning of any school year to assist such veterans in meeting educational and living expenses during the first two months of school, and to establish a veterans' work-study program through cancellation of such advance payment repayment obligations under certain circumstances, having considered the same, reports favorably thereon with amendments and recommends that the bill (as amended) do pass.

Committee Amendments

The amendments are as follows:

Strike out all after the enacting clause as follows:

That this Act may be cited as the "Veterans' Educational Assistant Allowance Advance and Work-Study Program Act of 1970".

Sec. 2. Chapter 34 of title 38, United States Code, is amended by adding at the end of subchapter IV a new section as follows:

"§ 1688. Advances to eligible veterans; work-study program

"(a) Notwithstanding the provisions of section 1681 of this title, and under such regulations as the Administrator shall prescribe, an eligible veteran shall, upon application therefor and subject to the provisions of this section, be paid an educational assistance allowance advance payment of not to exceed $250 immediately prior to or at the beginning of any school year to assist such veteran in meeting his education and living expenses during the first two months of such school year. An advance payment of $250 shall be paid to any eligible veteran who intends to pursue a course of education on a full-time basis as provided in section 1684 of this title, and the Administrator shall prescribe by regulation the

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amount to be paid to veterans intending to pursue courses of education on less than a full-time basis, but in no event shall an advance be paid to a veteran who intends to pursue a course of education on less than half-time basis or a program exclusively by correspondence. Any veteran making application for an advance under the provisions of this section shall receive a complete explanation of the repayment requirements of this section.

"(b) Any amount advanced to a veteran under this section shall be considered a loan and shall be repayable by the veteran over the period of his enrollment by deductions, in approximately equal amounts, being made from his monthly educational assistance allowance by the Administrator, or if the veteran fails to qualify for such allowance, the advance shall be repayable in such manner as shall be prescribed by the Administrator. Advances made under this section shall bear no interest if the veteran enrolls in an approved course of education and qualifies for an educational assistance allowance under this chapter, except that in any case in which the Administrator determines that a veteran has failed to enroll in and pursue an approved course of education within thirty days after an advance payment is made to him under this section, the amount so advanced shall (1) become due and payable on the first day of the next month following the month in which the Administrator makes such determination, and (2) from that date bear interest at the rate of 6 per centum per annum on the unpaid balance.

"(c) An advance payment shall be made under this section to any eligible veteran no more than thirty days prior to his expected date of enrollment if such veteran—

"(1) submits evidence to the Administrator showing such veteran to be an eligible veteran as defined in section 1652(a)(1) of this chapter.

"(2) certifies to the Administrator in writing (A) that he is enrolled in, or has applied for, been accepted by, and intends to enroll in a specified educational institution and is pursuing or plans to pursue a specified approved course of education during such school year at such educational institution, and (B) the expected date of enrollment if he has not yet enrolled in an educational institution,

"(3) certifies to the Administrator in writing whether the educational institution defines such course as a full-time course and the number of semester hours (or equivalent) or clock hours he intends to pursue, and

"(4) certifies to the Administrator in writing that he has at least six months' entitlement to educational assistance remaining under this chapter.

"(d) In determining whether any veteran is eligible for an advance payment under this section the information submitted by such veteran pursuant to subsection (c) shall be conclusive evidence of his eligibility unless there is evidence in the file of the veteran in the processing office establishing that such veteran is ineligible for such advance payment.

"(e) In order to process applications for advance payments and regular educational assistance allowance payments under this subchapter as expeditiously as possible and otherwise to carry out the purposes of this chapter, the Administrator shall utilize, to the maximum extent practicable and where he determines such services to be appropriate and desirable, the services of any veteran who has received an advance under this section and who (1) is pursuing fulltime training as determined under section 1684 of this title; (2) agrees to perform services, averaging not in excess of fifteen hours per week over a semester or other applicable term, in connection with the preparation and processing of necessary applications and other documents at educational institutions or regional offices of the Veterans' Administration, or services in connection with the outreach services program under subchapter IV of chapter 3 of this title, in return for a partial or total cancellation of his loan; (3) is in need of augmentation of his educational assistance allowance entitlement in order to pursue a program of education under this chapter, as determined in accordance with regulations which the Administrator shall prescribe; and (4) is capable, as certified by the educational institution concerned, of maintaining good standing in such program while performing services under this subsection. The obligation of any veteran shall be canceled at the rate of $2 for each hour of such services performed by the veteran.

"(f) As used in this section the term 'at the beginning of any school year' means the beginning of any quarter, semester, or other term on which an educational institution operates. While in the performance of such services, veterans shall be deemed to be intermittent employees of the United States serving

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without compensation; except that for purposes of laws administered by the Civil Service Commission such veterans shall not be deemed to be such employees."

SEC. 3. The table of sections at the beginning of chapter 34 is amended by adding after

"1687. Discontinuance of allowances."

the following:

"1688. Advances to eligible veterans; work-study program."

And insert in lieu thereof:

That this Act may be cited as the "Veterans' Advance Educational Assistance Allowance and Work-Study Program Act of 1970".

TITLE I—INCREASE IN THE AMOUNTS OF LOANS TO AND ELIGIBILITY FOR WORK-STUDY PROGRAM OF DISABLED VETERANS ENROLLED IN VOCATIONAL REHABILITATION

SEC. 101. Section 1502 of title 38, United States Code, is amended by adding at the end thereof a new subsection (d) as follows:

"(d) Veterans pursuing a program of vocational rehabilitation training under the provisions of this chapter shall also be eligible, where feasible, for participation in the work-study program provided by section 1687 of this title."

SEC. 102. Section 1507 of title 38, United States Code, is amended by striking out "$100" in the first sentence thereof and inserting in lieu thereof "$200".

TITLE II—ADVANCE PAYMENT OF EDUCATIONAL ASSISTANCE ALLOWANCE AND WORK-STUDY PROGRAM

SEC. 201. Subchapter II of chapter 36 of title 38, United States Code, is amended by inserting immediately before section 1781 the following new section:

"§ 1780. Payment of educational assistance allowances

"Period for Which Payment May be Made

"(a) Payment of educational assistance allowances to eligible veterans or persons pursuing a program of education, other than correspondence or flight, in an educational institution under chapter 34 or 35 of this title shall be paid as provided in this section and, as applicable, in section 1682 or section 1732 of this title. Such payments shall be paid only for the period of such veterans' or persons' enrollment, but no amount shall be paid—

"(1) to any eligible veteran or person enrolled in a course which leads to a standard college degree for any period when such veteran or person is not pursuing his course in accordance with the regularly established policies and regulations of the educational institution and the requirements of this chapter or of chapter 34 or 35 of this title; or

"(2) to any eligible veteran or person enrolled in a course which does not lead to a standard college degree for any day of absence in excess of thirty days in a twelve-month period, not counting as absences weekends or legal holidays established by Federal or State law (or in the case of the Republic of the Philippines, Philippine law) during which the institution is not regularly in session.

"Advance Payment of Initial Educational Assistance Allowance

"(b)(1) The authorization of an educational assistance allowance advance payment provided in this subsection is based upon a finding by the Congress that eligible veterans and persons need additional funds at the beginning of a school term to meet the expenses of books, travel, deposits and payments for living quarters, the initial installment of tuition, and the other special expenses which are concentrated at the beginning of a school term.

"(2) Subject to the provisions of this subsection, and under regulations which the Administrator shall prescribe, an eligible veteran or person shall be paid an educational assistance allowance advance payment. Such advance payment, except in unusual or extraordinary cases, shall be made within fifteen days after receipt of application therefor submitted by the eligible veteran or person pursuant to paragraph (3) of this subsection, but in no event earlier than thirty days prior to the date on which pursuit of his program of education is to commence and shall be made in an amount equivalent to the educational assistance allowance for the month or fraction thereof in which pursuit of the program will commence, plus the educational assistance allowance for the succeeding month. In no event shall an educational assistance allowance advance payment be made under this subsection to an eligible veteran or person intending to pursue a program of education on less than a half-time basis.

"(3) The application to the Administrator for advance payment shall include—

"(A) evidence showing (i) such veteran to be an 'eligible veteran' as defined in section 1652(a)(1) of chapter 34 of this title, or (ii) such person to be an 'eligible person' as defined in section 1701(a)(1) of chapter 35 of this title,

"(B) a certificate by the eligible veteran or person (i) stating that he is enrolled, or has applied for, been accepted by and intends to enroll, in a specified educational institution and is pursuing, or plans to pursue, a specified approved course of education during such school year at such educational institution, (ii) specifying the expected date of enrollment if he has not yet enrolled in an educational institution, and (iii) specifying the number of semester hours (or equivalent) or clock hours he is pursuing, or intends to pursue, and

"(C) in the case of an eligible veteran, information as to the number of persons he claims as dependents (as defined in section 1652(d) of this title).

"(4) For purposes of the Administrator's determination whether any veteran or person is eligible for an advance payment under this section, the evidence and information submitted by such veteran or person pursuant to paragraph (3) of this subsection shall establish his eligibility unless there is evidence in his file in the processing office establishing that he is ineligible for such advance payment.

"Prepayment of Subsequent Educational Assistance Allowance

"(c) Except as provided in subsection (e) of this section, subsequent payments of educational asisstance allowable to an eligible veteran or person shall be prepaid each month, subject to such reports and proof of enrollment in and satisfactory pursuit of such programs as the Administrator may require. The Administrator may withhold the final payment of a period of enrollment until such proof is received and the amount of the final payment appropriately adjusted. In the case of an eligible veteran who submitted an application showing one or more dependents, but who does not submit evidence, acceptable to the Administrator pursuant to regulations he shall prescribe, of such dependents, the amount of the educational assistance allowance shall reflect the assumed existence of such dependents during a reasonable period to allow the veteran to furnish such proof, but such period shall not extend beyond sixty days or the end of the enrollment period, whichever is the earlier.

"Recovery of Erroneous Payments

"(d) If an eligible veteran or person fails to enroll in a course for which an educational assistance allowance advance payment is made, the amount of such payment and any amount of subsequent payments which, in whole or in part, are due to erroneous information furnished in the certificate referred to in subsection (b)(3)(B) of this section, shall become an overpayment and shall constitute a liability of such veteran or person to the United States and may be recovered, unless waived pursuant to section 3102 of this title, from any benefit otherwise due him under any law administered by the Veterans' Administration or may be recovered in the same manner as any other debt due the United States.

"Payments for 'Less Than Half-Time' Training

"(e) Payment of the educational assistance allowance computed under section 1682(b)(1) of this title for an individual pursuing a program of education while on active duty, or under section 1682(b)(2) or 1732(a)(2) of this title for an individual pursuing a program of education on a less than half-time basis, may, and the educational assistance allowance computed under section 1696(b) of this title shall, be made in an amount computed for the entire quarter, semester, or term during the month immediately following the month

in which certification is received from the educational institution that such individual has enrolled in and is pursuing a program at such institution.

"Determination of Enrollment, Pursuit, and Attendance

"(f) The Administrator may, pursuant to regulations which he shall prescribe, determine enrollment in, pursuit of, and attendance at, any program of education or course by an eligible veteran or person for any period for which he receives an educational assistance allowance under this chapter for pursuing such program or course."

SEC. 202. Section 1681 of title 38, United States Code, is amended to read as follows:

"§ 1681. Educational assistance allowance

"General

"(a) The Administrator shall, in accordance with the applicable provisions of this section and section 1780 of this title, pay to each eligible veteran who is pursuing a program of education under this chapter an educational assistance allowance to meet, in part, the expenses of his subsistence, tuition, fees, supplies, books, equipment, and other educational costs.

"Institutional Training

"(b) The educational assistance allowance of an eligible veteran pursuing a program of education, other than correspondence or flight, at an educational institution shall be paid as provided in section 1780 of this title.

"Correspondence Training Certifications

"(c) No educational assistance allowance shall be paid to an eligible veteran enrolled in and pursuing a program of education exclusively by correspondence until the Administrator shall have received—

"(1) from the eligible veteran a certificate as to the number of lessons actually completed by the veteran and serviced by the educational institution; and

"(2) from the educational institution, a certification, or an endorsement on the veteran's certificate, as to the number of lessons completed by the veteran and serviced by the institution.

"Apprenticeship and Other On-Job Training

"(d) No educational assistance allowance shall be paid to an eligible veteran enrolled in and pursuing a program of apprenticeship or other training on the job until the Administrator shall have received—

"(1) from the eligible veteran a certification as to his actual attendance during such period; and

"(2) from the educational institution, a certification, or an endorsement on the veteran's certificate, that such veteran was enrolled in and pursuing a program of apprenticeship or other training on the job during such period.

"Flight Training

"(e) No educational assistance allowance for any month shall be paid to an eligible veteran who is pursuing a program of education consisting exclusively of flight training until the Administrator shall have received a certification from the eligible veteran and the institution as to actual flight training received by, and the cost thereof to, the veteran during that month."

SEC. 203. Subchaper IV of chapter 34 of title 38, United States Code, is amended by deleting section 1687 in its entirety and inserting in lieu thereof the following:

"WORK-STUDY PROGRAM

"§ 1687. Work-study additional educational assistance allowance; advances to eligible veterans

"(a) Notwithstanding any other provision of law, the Administrator shall pay a work-study additional educational assistance allowance (hereafter referred

to as 'work-study allowance') to any veteran pursuing on a full-time basis a course of vocational rehabilitation under chapter 31 of this title, or a program of education under this chapter, who enters into an agreement with the Administrator to perform services under the work-study program established by this section. Such allowance shall be paid in advance in the amount of $250 in return for such veteran's agreement to perform services, aggregating one hundred hours during a semester or other applicable enrollment period, required in connection with (1) the preparation and processing of necessary papers and other documents at educational institutions or regional offices or facilities of the Veterans' Administration, (2) the outreach services program under subchapter IV of chapter 3 of this title, (3) the provision of hospital and domiciliary care and medical treatment under chapter 17 of this title, or (4) any other activity of the Veterans' Administration as the Administrator shall determine appropriate. Advances of lesser amounts may be made in return for agreements to perform services for periods of less than one hundred hours, the amount of such advance to be prorated on the basis of the amount of a full advance. The Administrator may enter into a work-study agreement with a veteran who has satisfactorily pursued his courses during at least one enrollment period for the performance of services during a period between enrollments if such veteran certifies his intention to continue the pursuit of the program during the next enrollment period.

"(b) If an eligible veteran, after having received in advance a work-study allowance under subsection (a) of this section, fails to fulfill his work obligation under the agreement for any reason, the amount due (based upon the pro rata portion of the work obligation which the veterans did not complete) as computed by the Administrator shall be considered an overpayment and shall become due and payable at the end of the enrollment period or at such time prior thereto when the Administrator determines that such obligation will not be completed prior to the end of the enrollment period. Any such amount due may be recovered from any benefit otherwise due the veteran under any law administered by the Veterans' Administration or shall, unless waived pursuant to section 3102 of this title, constitute a liability of such veteran to the United States and be recovered in the same manner as any other debt due the United States.

"(c) In order to carry out the purposes of this section and to determine the number of veterans whose services the Veterans' Administration can effectively utilize and the types of services required to be performed by such veterans, the Administrator shall, at least once each year, conduct a survey to determine the numbers of veteran-students whose services under the work-study program can effectively be utilized during an enrollment period in each geographic area where Veterans' Administration activities are conducted. Based upon the results of such survey, the Administrator shall allocate to each Veterans' Administration regional office the number of agreements under subsection (a) of this section which the head of that office shall attempt to make during such enrollment period or periods prior to the next such survey. Each regional office shall further allocate to each educational institution, at which eligible veterans are enrolled pursuant to this chapter, within its area the number of such potential agreements based upon the ratio of the number of veterans enrolled in such institution to the total number of veterans enrolled in all such institutions in the regional area, except that, to the maximum extent feasible, 20 per centum of the allocated number of agreements shall be reserved for special allocation to those institutions with a substantially higher proportion of needy veteran-students than generally prevails at other institutions within such area. If the total number of agreements allocated to any educational institution cannot be filled by such institution, the number of such unmade potential agreements shall be reallocated to such other educational institution or institutions in the regional office area as the Administrator shall determine in accordance with regulations he shall prescribe.

"(d)(1) The Administrator shall, to the maximum extent feasible, enter into agreements with educational institutions under which such institutions will recommend, within their number of allocated agreements, which particular veteran-students enrolled in such institutions should be offered work-study agreements under this section.

"(2) The determination of which eligible veteran-students shall be offered work-study agreements shall be made in accordance with regulations prescribed by the Administrator. Such regulations shall include, but not be limited to, the following criteria—

"(A) the need of the veteran to augment his educational assistance allowance;

"(B) the availability to the veteran of transportation to the place where his services are to be performed;

"(C) the motivation of the veteran;

"(D) in the case of veterans who are members of a minority group, the disadvantages incurred by members of such group, and

"(E) in the case of a disabled veteran pursuing a course of vocational rehabilitation under chapter 31 of this title, the compatability of the work assignment to the veteran's physical condition.

"(e) No work-study agreement shall be entered into under this section which would—

"(1) result in the displacement of employed workers or impair existing contracts for services, or

"(2) involve the construction, operation, or maintenance of so much of any facility as is used or is to be used for sectarian instruction or as a place for religious worship.

"§ 1688. Repayment of Federal education loans

"(a) An eligible veteran who is obligated to repay an education loan made on or after April 13, 1970, pursuant to title II of the National Defense Education Act of 1958, part B of title IV of the Higher Education Act of 1965, part C of title VII and part B of title VIII of the Public Health Service Act, the Omnibus Crime Control and Safe Streets Act of 1968, the Migration and Refugee Assistance Act, or from the revolving fund established by section 10 of the Act of June 18, 1934 (48 Stat. 986; 25 U.S.C. 470), or any other education loan made, insured, or guaranteed on or after April 13, 1970, under any Federal program, for education pursued prior to his performance of active duty service, may make application to the Administrator to accelerate payment of the educational assistance allowance for the purpose of paying off or reducing his indebtedness for such loan. Accelerated payment of educational assistance allowance under this section shall be made on the basis of unused educational entitlement, determined in accordance with section 1661(a) of this title, earned for the performance of active duty performed after June 30, 1970. The application shall contain such information as the Administrator may by regulation prescribe.

"(b) Any payment of an accelerated allowance shall—

"(1) be made no more than four times per veteran for each loan made or guaranteed under any provision of law referred to in subsection (a) of this section, and be made in an amount which the eligible veteran, within the educational benefits available to him, determines is most advantageous to him;

"(2) be applied to both principal and interest remaining unpaid at the time the payment is made; and

"(3) be charged to any unused entitlement which the eligible veteran has remaining under section 1661(a) of this title for active duty performed after June 30, 1970, at the rate of educational assistance allowance to which he would be entitled, as computed under section 1682(a) of this title, at the time of application if he were pursuing an approved course of education on a full-time basis.

"(c) The Administrator, upon receipt of an application made pursuant to subsection (a) of this section, shall obtain a certification from the head of the Federal department or agency involved in making or guaranteeing the loan in question as to the total amount of the principal and interest outstanding on the loan. Upon approval of the application, the Administrator shall transfer to such department or agency head the amount determined by the eligible veteran under subsection (b) of this section and still outstanding on the loan or loans in question. In the case of loans Federally guaranteed, directly or indirectly, the agency or department head in question shall make immediate payment to the lender of the full amount transferred to him and shall immediately send notice of such payment to the educational institution in question and other guarantors or endorsers on the loan."

TITLE III—MISCELLANEOUS AMENDMENTS TO THE VETERANS AND WAR ORPHANS AND WIDOWS EDUCATIONAL ASSISTANCE PROGRAMS

SEC. 301.—Section 1652 of title 38, United States Code, is amended by—

(1) striking out "at least two years" in subsection (a)(2) and inserting in lieu thereof "more than one hundred and eighty days"; and

(2) by adding at the end of subsection (b) a new sentence as follows: "Such term also means any unit course or subject, or combination of courses or subjects, pursued by an eligible veteran at an educational institution, required by the Administrator of the Small Business Administration as a condition to obtaining financial assistance under the provisions of 402(a) of the Economic Opportunity Act of 1964 (42 U.S.C. 2902(a))."

SEC. 302. (a) Section 1731 of title 38, United States Code, is amended by—

(1) inserting in subsection (a) immediately after the word "shall" the following: ", in accordance with the provisions of section 1780 of this title,";

(2) deleting subsections (b), (c), and (e) in their entirety; and

(3) redesignating subsection (d) as subsection (b).

(b) Section 1735 (hereinafter redesignated as section 1733) is amended by striking out "1737" where it appears therein and inserting in lieu thereof "1734".

SEC. 303. Subchapter II of chapter 36 of title 38, United States Code, is amended by—

(1) striking out section 1786 in its entirety and inserting in lieu thereof the following:

"§ 1786. Measurement of courses

"(a) For the purposes of this chapter, chapter 34, and chapter 35 of this title—

"(1) an institutional trade or technical course offered on a clock-hour basis below the college level, involving shop practice as an integral part thereof, shall be considered a full-time course when a minimum of thirty hours per week of attendance is required with no more than two and one-half hours of rest periods per week allowed;

"(2) an institutional course offered on a clock-hour basis below the college level in which theoretical or classroom instruction predominates shall be considered a full-time course when a minimum of twenty-five hours per week net of instruction (which may include customary intervals not to exceed ten minutes between hours of instruction) is required; and

"(3) an institutional undergraduate course offered by a college or university on a quarter- or semester-hour basis shall be considered a full-time course when a minimum of fourteen semester hours or the equivalent thereof, for which credit is granted toward a standard college degree (including those for which no credit is granted but which are required to be taken to correct an educational deficiency), is required, except that where such college or university certifies, upon the request of the Administrator, that (A) full-time tuition is charged to all undergraduate students carrying a minimum of less than fourteen such semester hours or the equivalent thereof, or (B) all undergraduate students carrying a minimum of less than fourteen such semester hours or the equivalent thereof, are considered to be pursuing a full-time course for other administrative purposes, then such an institutional undergraduate course offered by such college or university with such minimum number of such semester hours shall be considered a full-time course, but in the event such minimum number of semester hours is less than twelve semester hours or the equivalent thereof, then twelve semester hours or the equivalent thereof shall be considered a full-time course.

"(b) For the purpose of this chapter and chapter 34 of this title, an academic high school course requiring sixteen units for a full course shall be considered a full-time course when a minimum of four units per year is required. For the purpose of this subsection, a unit is defined to be not less than one hundred and twenty sixty-minute hours or their equivalent of study in any subject in one academic year.

"(c) The Administrator shall define part-time training in the case of the types of courses referred to in subsection (a), and shall define full-time and part-time training in the case of all other types of courses pursued under chapter 34 or 35 of this title."

(2) striking out section 1787 in its entirety and inserting in lieu thereof the following:

"§ 1787. Overcharges by educational institutions; discontinuance of allowances; examination of records; false or misleading statements

"Overcharges by Educational Institutions

"(a) If the Administrator finds that an educational institution has—

"(1) charged or received from any eligible veteran or person pursuing a program of education under chapter 34 or 35 of this title any amount for any course in excess of the charges for tuition and fees which such institution requires similarly circumstanced students not receiving assistance under such chapters who are enrolled in the same course to pay, or

"(2) instituted, after the effective date of section 1780 of this title, a policy or practice with respect to the payment of tuition, fees, or other charges in the case of eligible veterans and the Administrator finds that the effect of such policy or practice substantially denies to veterans the benefits of the advance and prepayment allowances under such section,

he may disapprove such educational institution for the enrollment of any eligible veteran or person not already enrolled therein under chapter 31, 34, or 35 of this title.

"Discontinuance of Allowances

"(b) The Administrator may discontinue the educational assistance allowance of any eligible veteran or person if he finds that the program of education or any course in which the eligible veteran or person is enrolled fails to meet any of the requirements of this chapter or chapter 34 or 35 of this title, or if he finds that the educational institution offering such program or course has violated any provision of this chapter or chapter 34 or 35, or fails to meet any of the requirements of such chapters.

"Examination of Records

"(c) The records and accounts of educatitonal institutions pertaining to eligible veterans or persons who received educational assistance under chapter 31, 34, or 35 of this title shall be available for examination by duly authorized representatives of the Government.

"False or Misleading Statements

"(d) Whenever the Administrator finds that an educational institution has willfully submitted a false or misleading claim, or that a veteran or person, with the complicity of an educational institution, has submitted such a claim, he shall make a complete report of the facts of the case to the appropriate State approving agency and, where deemed advisable, to the Attorney General of the United States for appropriate action."

SEC. 304. (a) Chapter 34 of title 38, United States Code, is amended by—

(1) striking out in section 1677(b) in the second sentence thereof all after "certification" down to the period at the end thereof and inserting in lieu thereof "as required by section 1681(e) of this title";

(2) striking out in section 1682(b)(2) the last sentence in its entirety; and

(3) striking out sections 1684 and 1685 in their entirety.

(b) Chapter 35 of title 38, United States Code, is amended by—

(1) striking out sections 1733, 1734, and 1736 in their entirety;
(2) redesignating section 1735 as section 1733; and
(3) redesignating section 1737 as section 1734.

(c) The table of sections at the beginning of chapter 34 is amended by—

(1) striking out:

"1684. Measurement of courses.
"1685. Overcharges by educational institutions.";

(2) striking out:

"1687. Discontinuance of allowances.";

and inserting in lieu thereof

"WORK-STUDY PROGRAM

"1687. Work-study additional educational assistance allowance; advances to eligible veterans.
"1688. Repayment of Federal education loans."

(d) The table of sections at the beginning of chapter 35 is amended by—

(1) striking out:

"1733. Measurement of courses.
"1734. Overcharges by educational institutions.
"1736. Discontinuance of allowances."

(2) redesignating

"1735. Approval of courses."

as

"1733. Approval of courses.";

and

(3) redesignating

"1737. Specialized vocational training courses."

as

"1734. Specialized vocational training courses.".

(e) The table of sections at the beginning of chapter 36 is amended by—

(1) inserting immediately before

"1781. Limitations on educational assistance."

the following:

"1780. Payment of educational assistance allowances.";

and

(2) striking out:

"1786. Examination of records.
"1787. False and misleading statements.";

and inserting in lieu thereof

"1786. Measurement of courses.
"1787. Overcharges by educational institutions; discontinuance of allowances; examination of records; false or misleading statements.";

SEC. 305. Section 3013 of title 38, United States Code, is amended by deleting the period at the end thereof and inserting the following: "; except that the effective date of an increase in the award of subsistence allowance under chapter 31 of this title, or of educational assistance allowance or training assistance allowance under chapter 34 of this title, by reason of marriage or the birth or adoption of a child, shall be the date of such event if proof thereof is received within one year from the date of such marriage, birth, or adoption."

SEC. 306. (a) Section 501(a) of Public Law 91–230 (84 Stat. 174) is amended by striking out "Section 205(a)(3)" and inserting in lieu thereof "Section 205(b)(3)".

(b) Effective June 30, 1970, section 205(b)(3) of the National Defense Education Act of 1958 (20 U.S.C. 425(b)(3)) (as amended by subsection (a) of this section) is amended—

(1) by striking out "(A)" where it appears after "(plus interest)";

(2) by striking out "(i)", "(ii)", and "(iii)" wherever they appear therein and inserting in lieu thereof "(A)", "(B)", and "(C)", respectively; and

(3) by striking out ", and (B) shall be cancelled for service after June 30, 1970, as a member of the Armed Forces of the United States at the rate of 12½ per centum of the total amount of such loan plus interest thereon for each year of consecutive service".

TITLE IV–EFFECTIVE DATE

SEC. 401. This Act shall become effective on the first day of the second calendar month following the month in which enacted.

The title is amended so as to read:

Amend the title so as to read: "A bill to amend chapters 31, 34, 35, and 36 of title 38, United States Code, in order to make improvements in the vocational rehabilitation and educational programs under such chapters; to authorize an advance initial payment and prepayment of the educational assistance allowance to eligible veterans and persons pursuing a program of education under chapters 34 and 35 of such title; to establish a work-study program and work-study additional educational assistance allowance for certain eligible veterans; and for other purposes."

INTRODUCTION

The Subcommittee on Veterans' Affairs conducted hearings on June 9, 1970, on S. 3657, S. 3683 (the administration bill), S. 3907 and other bills. Testimony was presented by spokesmen of the administration, veterans' organizations and education organizations representing well over half of all colleges, universities and vocational schools in the United States, and by other interested parties.

In executive session on September 15, 1970, the subcommittee considered and unanimously ordered S. 3657 with a committee substitute amendment—incorporating S. 3907 and features of S. 3657 and S. 3683—(and a title amendment)—reported to the full Labor and Public Welfare Committee. The Committee on Labor and Public Welfare met in executive session on September 16, 1970, and unanimously approved and ordered reported S. 3657 with the above committee substitute amendment and title amendment.

EXPLANATION OF THE BILL

The committee substitute combines features from S. 3657, S. 3683 (the administration bill) and S. 3907, and has been worked out after technical consultation with the Veterans' Administration (and the Office of Education with respect to the proposed new section 1688 added by section 203 of the committee substitute and section 306 of the committee substitute). The administration supports, in principle, the provisions in the committee substitute, except that it has taken no position on point (6) below. The veterans' organizations also generally supported S. 3657 as introduced. And the concepts of advance GI bill payment and a veterans' work-study program were strongly endorsed by education organizations representing over half our country's colleges and universities and by the American Vocational Association.

The committee substitute amends chapters 31, 34, 35 and 36 of title 38, United States Code, as follows:

(1) To provide for advance payment of the GI bill educational assistance allowance at the start of a school term and prepayment of the allowance on the first of the month thereafter.

(2) To establish a student-veterans' work-study program whereby GI bill trainees would receive a $250 advance work-study allowance for performing various services in Veterans' Administration programs.

(3) To provide that servicemen may begin to use GI bill benefits for post-secondary education and training after 180 days of active duty (they may already do so for pre-college work) and to make clear that courses required by the Small Business Administration in connection with minority enterprise loans are covered under chapter 34.

(4) To correct certain provisions enacted last March in P.L. 91-219, relating to measurement of college courses for GI bill purposes, in light of information developed only after that law was enacted.

(5) To combine basic provisions relating to payment of allowances and general administration of the GI bill program, now contained in chapter 34, "Veterans' Educational Assistance," and chapter 35, "War Orphans' and Widows' Educational Assistance," and enact them in chapter 36, "Administration of Educational Benefits," as applicable to both chapters 34 and 35.

(6) To clarify and expand action taken by the Congress on April 13, 1970, in enacting P.L. 91-230—the Elementary and Secondary Education Act Amendments of 1970—to provide for NDEA student loan cancellation based on military service; by permitting GI bill entitlement to be applied to repay prior Federal direct or guaranteed education loans.

(7) To accelerate the date on which GI bill allowances are increased for acquisition of dependents (as proposed in S. 3907).

ADVANCE EDUCATION ASSISTANCE ALLOWANCE

The present system of assisting veterans who are attending school operates as follows:

In order to establish eligibility for GI bill benefits under title 38, United States Code, a veteran must first submit an application together with proof of separation from the armed services—form DD-214—and, when dependencies are claimed, other supporting documents, to the Veterans' Administration. If these papers are in order, the VA mails the veteran a certificate of eligibility.

The veteran presents the certificate of eligibility to his college or university registrar, who verifies the veteran's actual enrollment and provides details regarding it, so certifies on the certificate of eligibility, and mails it to the VA. Upon receipt of that certification, the VA is then authorized to issue an educational assistance allowance payment to the eligible veteran, and an account for him is then established at the VA's computerized payment center in Hines, Illinois. From this point, the check should reach him within 10 to 15 days.

There are two points at which the system may in many cases break down, causing financial and emotional hardship for the veteran and his family. One is during the processing of enrollment certificates at colleges and universities, which occurs during the first month of school when the school administration has an unusually heavy registration workload anyway.

The second difficulty may occur when the Veterans' Administration receives these hundreds of thousands of enrollment certificates in the space of a few weeks. Using maximum authorized overtime—because of inadequate augmentations of staff over the last three years—the VA must process these certificates and authorize the release of the first month's educational assistance allowance payment. Prior to this past fall, it was not all uncommon for the first check to reach the collegiate veteran in mid- or late November, or even December.

In testimony in the summer of 1969 before the Veterans' Affairs Subcommittee, the VA announced the initiation of an accelerated payment procedure increasing from five to nine per month the number of check processing cycles at the Hines Data Processing Center. It was hoped that this procedure would approximately halve the timelag in getting checks out to veterans.

Unfortunately, the new system, helpful as it has been in expediting the issuance of checks by the computer, cannot rectify delays which arise before an authorization for payment can be relayed to the Hines Center. And under that system the earliest that the first check reaches the veteran is mid- or late October; and it may well not arrive until November. Even then, the first check generally covers only a partial month's payment, since the first college month is usually abbreviated. For veterans beginning a new school year, this is too little, too late.

The committee substitute seeks to overcome the delay in receipt of GI bill payments by providing (in the new section 1780(b) added by section 201 of the committee substitute) for payment of the first and second months' allowances in one lump sum in advance and prepayment on the first of the month for months thereafter (new section 1780 (c)). This advance system would apply to all post-secondary courses other than those on less-than-half-time basis or by correspondence. Thus far, this is essentially the system proposed in S. 3683.

However, as proposed in S. 3657, advance payment would be made to a veteran, without any action by his educational institution, based upon receipt of evidence of eligibility, as defined in section 1652(a) (1) of title 38, United States Code (a discharge paper—form DD-214—showing that he served for at least 180 days of active duty and was discharged under conditions other than dishonorable or that he was discharged for a service-connected disability), and certification by the veteran of the basic prerequisites to eligibility under the GI bill. He would certify that he intends to enroll and has been accepted for enrollment, or has enrolled, in a specified educational institution to pursue a specified approved course of education during that school year, and the number of semester hours or equivalent he intends to pursue. Unless the local office files contain conclusive evidence contradicting the facts so certified, the VA would not be authorized to examine into the veteran's actual GI bill eligibility. Notwithstanding the advance payment made on the eligible veteran's certification, the Veterans' Administration would, as it now does, develop each case to assure entitlement and the marital and dependency status of each payee. Upon receipt of the enrollment papers from the educational institution, any necessary adjustments would be made in the educational allowance payment.

Thus, an eligible veteran would be given the advance on the basis of his good faith in truthfully certifying the above facts and intentions. There would be no time-consuming processing by the educational institutions, which is now responsible for much of the delay in processing regular GI bill payments.

The committee recognizes that this good faith certification procedure may be subject to some abuse, and that some payments may thus be made to ineligible recipients. But it is satisfied that any abuses would be small, and notes that the VA has a 95-percent record of collecting regular GI bill overpayments.

This program of advance payments at the beginning of a school year should provide a vital source of funds, at a time when none are now available under the GI bill and when the veteran-student's needs are probably the greatest, to meet the many expenses involved in beginning a school year, as well as such living expenses and initial charges as deposits and initial payments for rent, heat or telephone.

This system should thus help prevent a veteran from being placed in a precarious financial situation vis-a-vis his schooling or his personal life as a result of a delay, justified or not, in receipt of the first regular educational assistance allowance check.

And the prepayment system in new subsection 1780(c) should continue the veteran's solvency. Under the new system a veteran enrolling in college on September 15 could expect to receive by November 1 two and one-half months' allowance (one and one-half months' payment on September 1—if he applied about August 15—and one month's payment on November 1).

Although neither S. 3657 or S. 3683 originally contemplated application of the advance and prepayment of allowance procedures to war orphans, wives, and widows training under chapter 35, of title 38, United States Code, the committee substitute would make the same payment system uniformly applicable to both chapters 34 and 35 of that title.

These provisions have been closely coordinated with the Veterans' Administration which advises that they can be programmed into the computer within about 60 days of enactment. This program was generally endorsed (with a somewhat different mechanism) by the President's Committee on the Vietnam Veteran in its report submitted in late March. The report stated:

> The GI Bill provides monthly allowances for veterans enrolled in and attending approved programs of education. These payments do not begin, however, until after the veteran has enrolled, and completed each month of training. The effect of this after-the-fact method of payment can be to discourage program participation by the veteran who cannot afford the initial outlay required by most schools for prepayment of fees, tuition, books, and the necessary money for subsistence for himself and his family until the first payment is received. The intent of the program is thus jeopardized. Even for the financially more fortunate veteran, the prepayment of tuition and other costs constitutes a burden since the educational allowance is partial assistance rather than a full subsidy.
>
> The proposal would authorize an advance payment to help the veteran enroll in school. This would be done on an individual application basis. The amount advanced can be gradually recouped over the whole period of enrollment.

VETERANS' WORK-STUDY PROGRAM

The proposed work-study program (new section 1687 added by secton 203 of the committee substitute) would enable full-time GI bill post-secondary trainees with a financial need to perform 100 hours of services needed by the VA (on campuses or at VA regional offices or medical facilities) pursuant to agreement with the VA under which the veteran then becomes entitled to receive, in advance, a work-study educational assistance allowance of $250. The committee believes that this program will be of substantial benefit to individual veterans and their families, while at the same time contributing to the improvement of the entire GI bill program through increased efficiency and speed in certificate and claims processing and through outreach work performed by these student veterans. Work-study trainees could also perform various non-professional, badly-needed tasks in VA hospitals, especially assisting the most severely disabled patients and cleanup and general maintenance work. There seems little doubt that such services could be very effectively used in many VA medical facilities. Students would be limited to performing 100 hours of services over a semester or other enrollment period.

This program should be particularly helpful for the almost 50 percent of GI bill post-Korean trainees with families and for the 27 percent who enroll in nonpublic schools. The rate increase recently enacted in Public Law 91–219 would provide $1,575 over a full nine-month period. Although this is sufficient to cover average tuition, room and board charges at a public institution, it is far less adequate in meeting the average costs at nonpublic institutions.

One key aspect of the work-study program would be veterans performing outreach services under subchapter IV of chapter 3 of title 38 also enacted in P.L. 91–219. Using GS–12's or 13's to "pound the pavement" in search of educationally disadvantaged veterans is highly questionable on a cost-effectiveness basis. But this provision would make it possible and very economical for the VA to improve substantially its existing program of contact and outreach.

The present outreach program has not done the necessary job to reach the large numbers of high school dropouts and other educationally disadvantaged veterans who are separated from service each year. Whereas 20 percent of those separated during fiscal year 1970 were high school dropouts, only about 8 percent of that target population have been taking advantage of their education and training entitlements. In many cases, this serious lack of participation by those who desperately need to take advantage of their GI bill benefits can be remedied through more effective dissemination of information and more personalized and intensive counseling of potential trainees about the great advantages of the benefits available to them.

As was stressed in section 241(c) of the outreach services program originally passed by the Senate on October 23, 1969 (H.R. 11959), the most effective outreach worker is one with whom the potential trainee can identify most immediately and fully. Veterans who are themselves pursuing an education should fit this prescription perfectly.

In carrying out this new work-study program, the VA would be expected to establish equitable guidelines for determining financial need and need for the services and for selecting and using the services of veterans. Appropriate guidance for determining financial need should be sought in the Office of Education's regulations for its work-study program under the Higher Education Act of 1965, as amended.

Veterans would perform such services under agreements with the Veterans' Administration. They would not be considered VA employees for purposes of Federal employment laws administered by the Civil Service Commission—such as those governing application and selection for Federal employment, retirement and other length-of-service Federal employment benefits, and Federal employment fringe benefits such as group health and life insurance programs. Also, work-study allowances, as all other GI bill allowances, would be exempt from taxation as a "payment of a benefit under any law administered by the Veterans' Administration," as provided in section 3101(a), of title 38, United States Code.

It should also be noted that several witnesses at the hearings referred to the desirability of permitting the VA to contract with colleges and universities (under its general contract authority in section 213 of title 38) to supervise veteran work-study trainees in carrying out outreach activities in a particular locale. The committee strongly endorses this idea, which would be particularly useful if applied in areas where there is no Veterans' Administration Regional Office or Veterans' Assistance Center.

This program differs somewhat in detail from that proposed in S. 3657 but retains the same basic concept which was endorsed by the VA. At the hearing, the Administrator of Veterans' Affairs, in supporting in principle the desirability of a veterans' work-study program, agreed to staff discussions to iron out program details. Those discussions produced the provisions in the committee substitute which the VA has advised is administrable for a relatively small administrative cost ($250,000). It is estimated that the services of 56,000 student-veterans might be effectively utilized in the program in the first full year of its operation.

POST-SECONDARY IN-SERVICE EDUCATION AND SBA-TRAINING UNDER GI BILL

These two new provisions (in section 301 of the committee substitute) were contained in S. 3683 and were recommended by the President's Committee on the Vietnam Veteran. They are described in the Section-by-Section Analysis which follows.

REVISION OF MEASUREMENT OF COURSES PROVISIONS ADDED BY P.L. 91–219

The basis for these provisions (in section 303 of the committee substitute) is described in the Section-by-Section Analysis and a July 17, 1970, letter from the Administrator of Veterans' Affairs to Senator Cranston, Chairman of the Veterans' Affairs Subcommittee, which is set forth in the Appendix to this report.

EXPEDITING INCREASE OF GI BILL ALLOWANCE BASED ON ACQUISITION OF DEPENDENTS

This provision (in section 305 of the committee substitute) incorporates the provisions of S. 3907. The purpose of the amendment is more fully to effectuate Congressional intent under chapters 31 and 34 with respect to the increase of an eligible veteran's GI bill allowance—either vocational rehabilitation subsistence allowance under chapter 31 or educational assistance allowance under chapter 34—by virtue of changes in dependency status. Presently, under section 3013 of title 38, United States Code, effective dates of such increases are to correspond, to the extent feasible, to those relating to awards of disability compensation under chapter 11 of that title. And section 3010(a) of title 38 provides that such claims for increased dependency compensation shall be payable no earlier than the date of application therefor. By regulation, the Veterans' Administration has required—by analogy to section 3010(b)—that proof of the dependency status be received within one year of acquisition of the dependent.

Application of this disability compensation rule deprives a veteran of receiving the increase in his GI bill allowance, which Congress intended to help him meet the additional costs of maintaining a household with a wife or child, until such time as his application for such an increase is received. If, for example, a veteran is unaware of that requirement and delays a few months in filing an application for increased allowance, he will lose the amount Congress intended him to have to meet those additional dependency expenses. Since he is burdened with those expenses from the time he actually acquires the dependents—the date of marriage, birth, or adoption generally—not from the date he applies to the VA, it seems far more reasonable in effectuating the purpose of the dependency augmentation of GI bill allowance for such increases to be payable from the date the dependency status and expenses therefor actually arise, as long as he files timely notice of such status. Timely notice of such status under the provision in the committee substitute retains the VA's regulatory determination that applications must be received within one year from the acquisition of the dependency status.

Further evidence of the illogic of the present effective date provision is a ruling of the General Counsel's office of the Veterans' Administration that if a veteran, even casually, mentions in writing to the VA before he acquires a dependent, that he plans to do so in the future, his allowance will be increased for the change in dependency status from the time it actually occurs. Although this ruling is laudable in giving the veteran every benefit of the doubt, there would seem to be no reason for distinguishing between such an advance notice case and the case in which notification is given and proof submitted two months after the dependent is acquired. In neither case can the VA take any action to increase the allowance until it receives the actual proof of dependency—the copy of birth certificate, adoption decree, or marriage certificate.

The new effective date would also more nearly accord with a number of other effective date provisions for disability compensation which yield retroactive results. For example, the effective date of an award of disability compensation filed to begin from the date of discharge would be retroactive to that date as long as received within one year of discharge. The same retroactive treatment is accorded a person disabled by VA medical treatment or while pursuing vocational rehabilitation under chapter 31; it is the date of the disablement or injury, not of the application, that governs in those instances. The same is generally true with respect to death compensation and dependency and indemnity compensation which are effective on the first of the month in which death occurs if application therefor is received within one year of death.

The Veterans' Administration supports this provision, although it favors extending the new effective date to increases in payments of disability compensation and pensions based on acquisition of dependents, under chapters 11 and 15 of title 38, United States Code. These programs are under the jurisdiction of the Senate Finance Committee and the VA's position has been called to that committee's attention.

REPAYMENT OF FEDERAL EDUCATION LOANS USING GI BILL ENTITLEMENT

Under this new provision (in a new section 1688 which would be added to title 38 by section 203 of the committee substitute), a veteran would be given the option of using GI bill entitlement (earned by service after July 1, 1970) to repay, in whole or in part, an education loan—taken (after April 13, 1970) in connection with education prior to his military service—which was made or guaranteed by the Federal Government. This provision arises out of the NDEA loan cancellation provision based on military service enacted in the ESEA extension act on April 13, 1970 (P.L. 91–230). The new provision is substantially broader in scope than the loan cancellation provision it would replace in the NDEA (see section 306 of the committee substitute). There would be no GI bill cost under this provision until at least FY 1973, and then that cost would be partially offset by NDSL loan funds not being depleted and Federal interest subsidies not paid. It is very difficult to estimate the precise cost of this provision because of the uncertainty about whether a veteran would otherwise use his full GI bill entitlement on post-service education rather than to repay a pre-service loan. However, potential repayments for the major Federal education loan programs are provided under "COST ESTIMATE," below.

To understand the genesis of this new program more fully, especially its effective dates, it is necessary to explain in more detail the amendment in section 501 of P.L. 91–230 to provide for loan cancellation at a 12½ percent rate per year for up to four years of consecutive active military service after June 30, 1970 (that is, up to 50 percent of the total loan amount) for NDEA loans made after the date of enactment of that act, which was April 13 1970. After this provision was enacted, considerable disenchantment with it was brought to the subcommittee's attention, principally by education groups. The two basic objections were: (1) That, in time, this provision promised a substantial depletion of the NDSL student loan fund, and thus a reduction in NDEA loans, without a commensurate fulfillment of any of the purposes of the original loan cancellation provision—developing teachers for our country, especially for poverty areas; and (2) it unfairly discriminated against veterans who had not taken education loans or pursued education prior to service since a veteran who did take an NDEA loan could use *both* NDEA loan cancellation and GI bill entitlement earned by the same period of military service. The argument was forcefully presented: if this is really a veterans' benefit, it should be part of the GI bill.

The committee believes that no adequate basis exists for permitting acceleration of allowance to repay only loans made under the NDEA program; thus, the provision covers all Federal direct or guaranteed loans, as to which approval criteria regarding the institutions and loan terms involved have already been applied by the government. The new GI bill program effective dates are geared to those governing the NDEA cancellation provision which would be repealed retroactively by section 306 of the committee substitute so that it never really became effective (see discussion under "*Section 306.*" below).

Here is how the new program would work as compared with the present NDEA loan cancellation provision (added by P.L. 91–230).

Given the average NDEA total loan of about $1400, a veteran with qualifying service could, under the present provision, cancel $700 worth of such a loan after *four* years of military service. Under the proposed new section 1688 in title 38, United States Code, he could repay the full $1400, using up, at a maximum, only eight of his 36 months' GI bill entitlement (8×$175=$1400), or less than one school year's entitlement. (For Higher Education Act loans, the average is $2100, so the same general analysis would apply for such loans.)

The maximum NDEA loan that any one student can receive is $10,000 (for graduate students), so that under the present loan cancellation provision, he would be able to cancel only a maximum of $5000 (for four years' service) whereas, at a minimum (if he has no dependents) GI bill accelerated entitlement could be used to pay off $6300 of the loan amount; and if he had, for example, four dependents ($256 per month), he could pay off almost the full loan—$9216 ($256 x 36).

It thus becomes clear that virtually any veteran who took an NDEA loan after April 13, 1970, and served after July 1, 1970, would be substantially more benefitted by the proposed new repayment provision than the existing loan cancellation provision; to say nothing of all those veterans with Higher Education Act loans and all other Federal direct or guaranteed education loans, which are not now eligible for similar cancellation based on military service. The only instance where a veteran with qualifying service and a qualifying NDEA loan might be somewhat worse off under the new program would be a person who had received a very high NDEA loan ($10,000), then served four consecutive years of active duty in the military and then wanted to undertake substantially more schooling (four years) for which he would like to use his full GI bill entitlement. But such a situation demonstrates very clearly the very inequity, which the new provision is designed to correct, of the NDEA loan cancellation provision based on military service: for there seems virtually no justification for the government's paying one veteran for four years of education ($6300) and another veteran with the same service for eight years ($11,300; $6300 plus cancellation of half of a $10,000 NDEA loan).

SECTION-BY-SECTION ANALYSIS

Section 1. Establishes the Act title as the "Veterans' Advance Educational Assistance Allowance and Work-Study Program Act of 1970".

TITLE I

Section 101. Adds to the Vocational Rehabilitation program (section 1502 in chapter 31 of title 38), which is a special education and training program for veterans with 30 percent or more service-connected disability, a cross reference to the work-study program (which would be added in a new section 1687 in chapter 34 by section 203 of the committee substitute) for which "voc rehab" trainees would also be eligible.

Section 102. Increases the "voc rehab" loan to trainees from $100, established in 1943, to $200. Most trainees take advantage of this loan and increasing it is appropriate in light of the advance payment system being developed for regular GI bill trainees and the doubling of the cost of living since its enactment.

TITLE II

Section 201. Adds to chapter 36, "Administration of Educational Benefits," a new section 1780 dealing with payment of educational assistance allowance which applies to both chapters 34 and 35 of title 38. (References to "eligible person" in this Analysis mean an "eligible veteran" under chapter 34 and an "eligible person" under chapter 35.)

Subsection (a) of the new section 1780. Incorporates present sections 1681(b)(1) and (2) and 1731(b)(1) and (2), which new section 1780 is designed to replace in part, and provides the basic enrollment period for which educational assistance allowances may be paid for all programs other than correspondence and flight training.

Subsection (b) of the new section 1780. Blends together features of S. 3657 (section 2) and S. 3683 (section 3) to establish a new GI bill educational assistance allowance payment system under which the initial payment for an enrollment period would be made in advance. Such advances would be made generally no later than 15 days after application (but no earlier than 30 days before the term is to begin) and would be based on a good faith certificate and a discharge paper provided by the eligible person. The advance amount would be for the first full month's allowance entitlement plus the applicable fraction thereof for the first month of the enrollment period. Although the original advance payment provisions in S. 3657 and S. 3683 were not applicable to chapter 35, it has been agreed informally with the VA that the advance system should also apply to allowance payments to war orphans, wives and widows. The advance payment provisions in subsection (b) of the new section 1780 are described below:

Paragraph (1). States the purposes of the advance payment and the Congressional finding of need to provide an eligible person with funds at the outset of a school term for the many expenses that conglomerate at that time.

Paragraph (2). Provides the timing and amount of the advance payment, as described under "*Subsection (b)*", above. Advance payments are excluded for persons pursuing study on less than a half-time basis. (Such "less-than-half-time" veterans, by virtue of an amendment, contained in P.L. 91–219, to present section 1682(b)(2) are now eligible for a lump-sum payment in the month following the month in which the VA receives certification of enrollment. This new provision was put into effect in September, 1970. It would be extended by subsection (e) of the new section 1780 to "less-than-half-time" war orphans, wives and widows training under chapter 35.)

Paragraph (3). Sets forth the contents of the application for advance payments as follows:

(A) evidence of basic entitlement for the eligible person. In the case of a veteran, this is generally the DD–214 discharge certificate. For a widow or war orphan, it would be evidence of the service-connected death of the veteran. For a wife or a child, it would be evidence of the veteran's permanent and total service-connected disablement.

(B) a certificate (i) stating that the person is enrolled in (or has applied for, been accepted by and intends to enroll in) a specified school and is pursuing (or plans to pursue) a specified approved course during the school year at such school and (ii) specifying the expected enrollment date and number of semester hours (or the equivalent) to be taken.

(C) for veterans, information as to the number of dependents (as defined in present section 1652(d) of title 38) claimed. Athough the VA could request submission of evidence (birth or adoption certificates) of dependency in order to have it on file and make a final dependency determination, it could not *require* submission of such evidence at the time of application for the advance. (Also see discussion under "*Subsection (c)*", below.)

Paragraph (4). Provides that the information and certificate submitted by the person shall establish his eligibility for the advance unless evidence in the processing office files (including that on the computer) establishes that he is *not* eligible. In determining whether the veteran is entitled to a full-time or part-time allowance advance payment, the VA will determine whether the school in question has been certified for full- or part-time under the new measurement provision in section 1684(a) of title 38 (see discussion of the amendment to that provision discussed under "*Section 303*", below.)

Subsection (c) of the new section 1780. Provides a system of prepayment of allowance after the initial advance payment, that is, on the first of the month for that month. This would mean that there might be a gap of two months from the initial payment to the second payment (e.g., if the advance payment were received on September 2, covering September and October, November's allowance would not be received until around November 1). The Administrator is also authorized to withhold the final payment in an enrollment period until he has received satisfactory proof of entitlement, enrollment, satisfactory pursuit of program, etc. Also, the last sentence of the subsection provides that a veteran who has claimed dependents for advance payment purposes shall receive an allowance, based on the number of dependents claimed, for up to sixty days or the end of the enrollment period, whichever is earlier, while he submits proof and it is adjudicated.

Subsection (d) of the new section 1780. Provides a system for recovery of erroneous payments of educational assistance allowances which are due to an erroneous advance allowance certificate filed with the application.

Subsection (e) of the new section 1780. Incorporates present section 1682(b)(2) regarding less-than-half-time veteran training and extends this lump-sum payment system to chapter 35 eligible persons also. (Also see the discussion under "*Paragraph (2)*" of subsection (b), above.)

Subsection (f) of the new section 1780. Incorporates present subsection (c) in both present sections 1681 (chapter 34) and 1731 (chapter 35), relating to the Administrator's authority to determine enrollment, attendance and pursuit of program.

Section 202. Revises section 1681 to take account of the new section 1780 and to cover directly veteran correspondence and flight training programs. The revised 1681 is described as follows:

Subsection (a) of the revised section 1681. Incorporates present subsection (a) with a cross reference to new section 1780 added.

Subsection (b) of the revised section 1681. Makes cross reference to new section 1780 for institutional (non-correspondence or flight program) training.

Subsection (c) of the revised section 1681. Incorporates present subsection (d)(2) insofar as it regards correspondence course training.

Subsection (d) of the revised section 1681. Incorporates present subsection (d)(2) insofar as it regards apprenticeship or other on-the-job training.

Subsection (e) of the revised section 1681. Incorporates present subsection (d)(2) insofar as it regards flight training.

Section 203. Establishes new sections 1687 and 1688 in chapter 34 to create two new programs: a veterans' work-study program and a repayment of prior federal education loans option under the GI bill.

WORK-STUDY PROGRAM

Subsection (a) of the new section 1687. Requires the payment of work-study additional educational assistance allowances to veterans pursuing on a full-time basis a "voc rehab" or regular GI bill education program when such veterans enter into a work-study agreement with the Administrator. In such an agreement the veteran undertakes to perform 100 hours of services during an enrollment period, which services are required in connection with VA preparation of papers and documents at schools or regional offices, with the outreach services program (probably performing direct contact work with eligible veterans), with provision of medical treatment in VA facilities (reading to blind or other disabled veterans, engaging in clean-up, fix-up efforts, etc.), or with any other appropriate VA activities. Advances of less than $250 are permissible for proportionately fewer hours to be worked. Also permitted are agreements for services during a period between enrollments (vacations) if the veteran has already completed one enrollment period and certifies his intention to continue during the next. The "Notwithstanding any other provision of law" provision at the outset of subsection (a) is intended to exempt work-study veterans from the strictures of federal employment laws and regulations; however, as persons performing services for the federal government, such veterans would be covered by the Federal Employees' Compensation Act for injuries or death occurring while in the performance of such services.

Subsection (b) of the new section 1687. Provides a system for the Administrator's collecting (or deducting from subsequent VA benefits) pro-rata amounts of the $250 work-study allowance if the Administrator determines that the veteran has not completed his work obligation by the end of the enrollment period (or earlier if the Administrator determines that the obligation will not be completed by such time).

Subsection (c) of the new section 1687. Requires the Administrator to conduct at least annually surveys in each geographic area in the country to determine the numbers of veteran-students whose services can be effectively utilized in the work-study program in each such area during an enrollment period. The Administrator is then charged with allocating to each VA Regional Office (VARO) a number of potential agreements which the VARO Director shall attempt to make during the enrollment period or vacation period. Each VARO is then charged with further allocating to each school in its area, at which GI bill trainees are enrolled, a pro rata number of potential agreements based upon the total number of veterans enrolled in all such schools in that area. However, the subsection also provides that, to the maximum extent feasible, 20 percent of the allotted number of agreements in each area shall be reserved for special allotment to those schools with disproportionately high numbers of needy veteran-students. Finally, the subsection provides that if the number of allotted agreements cannot be filled by a particular school, the number of unmade potential agreements shall be reallocated to such other schools as the Administrator determines under the program regulations.

Subsection (d) of the new section 1687. Provides the procedure and criteria for determining which veteran-students shall be offered work-study agreements.

Paragraph (1). Requires the Administrator, to the maximum extent feasible, to contract with schools for them to make recommendations, within their allotted number of agreements, as to which of their student-veterans should be offered agreements. Although the final determination would be made by the VARO Director in accordance with regulations prescribed by the Administrator, it is expected that the schools' recommendations would be given great weight. It is also expected that the Administrator in issuing regulations would be guided by those of the Office of Education for its work-study program under the Higher Education Act of 1965, as amended. Paragraph (1) also specifies that the VA regulations are to include the following criteria: (A) the veteran's need to augment his allowance; (B) the availability to the veteran of transportation to the work site; (C) the veteran's motivation; (D) the particular disadvantages of veterans who are minority group members; and (E) for "voc rehab" trainees, their physical condition.

Subsection (e) of the new section 1687. Was added in subcommittee by an amendment proposed by Senator Schweiker to prohibit work-study agreements which would displace employed workers or impair existing services contracts or which would involve activities in connection with a facility used for sectarian purposes. The identical language is contained in section 444(a)(1)(A) and (C) of the Higher Education Act of 1965, as amended (42 U.S.C. 2754), and applies to the Office of Education's work-study program.

REPAYMENT OF FEDERAL EDUCATION LOANS

Subsection (a) of the new section 1688. Offers veterans with GI bill entitlement a new option: namely, to use accelerated GI bill allowance (earned by service after July 1, 1970) to repay, in whole or in part, Federal direct or guaranteed education loans taken prior to military service but after April 13, 1970. (The reason for these dates is explained in the discussion of this new provision under "Explanation of the Bill," above.) Examples of the loans which could be repaid would be those under the National Defense Education Act of 1958, the Higher Education Act of 1965, the Public Health Service Act (doctors, nurses, allied health professionals), the Omnibus Crime Control and Safe Streets Act (to pursue law enforcement careers), the Migration and Refugee Assistance Act (mainly to Cuban refugees), and those made from a revolving fund for individual assistance to certain American Indians. Upon application from the veteran to exercise this repayment option, his entitlement would be based on his educational assistance entitlement (under section 1661 (a) of title 38) unused as of the application date.

Subsection (b) of the new section 1688. Clause (1). Limits applications for accelerated educational assistance allowance to four times per veteran per loan. The four is based on the fact that under section 1672 of title 38 up to two program changes after the first program are permissible—that is, three different attempts to find the right education course. The amount of the accelerated allowance payment is also limited to that which the veteran requests; i.e., he cannot be compelled to apply for some or all of his allowance entitlement to repay a loan.

Clause (2). Provides that the repayment amount is to be applied to unpaid principal as well as unpaid interest (which protects the veteran).

Clause (3). Provides that computation of the amount available for loan repayment be based on unused entitlement to which the veteran would be entitled at the time of application for a full-time course; that is, his monthly allowance (including increases for the number of dependents he has at that time) multiplied by his unused months of entitlement. For example, a veteran who completes 18 months of service and thereby fulfills his active duty military obligation, would be entitled to 36 months of GI bill entitlement, pursuant to section 1661(a) of title 38. If he had one dependent, his monthly allowance would be $205 under section 1682(a); thus, his total dollar entitlement available for education loan repayment purposes would be $7,380 ($205 x 36). Any amount left over could be applied to regular GI bill monthly payments for approved courses of education.

Subsection (c) of the new section 1688. Requires the Administrator, upon receipt of an acceleration of allowance application, to obtain from the head of the Federal department or agency involved in making or guaranteeing that loan, a certificate showing the total loan amount then outstanding. Upon approving the application, the Administrator is required to transfer to that agency head the amount requested by the veteran (up to the amount certified as outstanding). For direct loans, that agency head would transfer the repayment amount directly to the loan fund. For guaranteed loans, he would make immediate payment to the lender in question and immediately notify the school in question or any other guarantors or endorsers on the loan of the payment.

TITLE III

Section 301. Adds two provisions included in S. 3683.

Clause (1). Provides that a serviceman may after more than 180 days of active duty service begin to use his GI bill entitlement for post-secondary training; presently, he must wait until he has served at least two years to do so. This change complements the PREP program established in P.L. 91–219, which permits a serviceman to use his GI bill entitlement for *pre*-college level study after more than 180 days of active duty. Unlike PREP, however, use of chapter 34 educational assistance entitlement to pursue post-secondary education and training would reduce overall GI bill educational assistance entitlement. The special supplementary assistance allowance in present section 1692 of title 38, United States Code, (also added by P.L. 91–219) for individualized tutorial services, would be available for such active duty servicemen pursuing post-secondary education or training.

An additional effect of this amendment to section 1652(a)(2) is to make the direct and guaranteed loan entitlement in chapter 37 of title 38 available to servicemen after more than 180 days of active duty service. This new entitlement may be of particular assistance to servicemen if a mobile home loan program is incorporated in chapter 37 as is proposed in S. 3656, being reported from the Labor and Public Welfare Committee at the same time as S. 3657.

Clause (2). Makes clear that a course at an educational institution required by the SBA for minority group entrepreneurs is covered under the GI bill as an approvable "program of education." Financial institutions require some training and expertise on the part of the borrower before lending money for business purposes, and the borrower's background and experience are important considerations in determining the risk involved in making the loan. Many small business ventures fail because of lack of business training. Coordinated training programs can provide the veteran with the knowledge necessary to carry on bookkeeping, managerial, personnel, and other business functions. The new provision makes clear that a program structured to this need is to be considered a program leading to an acceptable objective under the GI bill.

Section 302. Amends section 1731(a) of chapter 35 in light of the new section 1780 that section 201 of the committee substitute would add. The amendment is substantially similar to that which would be made to present section 1681 by section 202 of the committee substitute.

Section 303. Adds a number of new provisions to chapter 36, based on present chapter 34 and 35 provisions.

Clause (*1*). Strikes present section 1786, relating to examination of records (which clause (2) would make subsection (b) of the new section 1787 which section 203 of the committee substitute would add) and adds a measurement of courses provision which incorporates present sections 1684 and 1733 with three changes: (1) The full-time college (including junior college) definition, revised in P.L. 91–219 (found after clause (3) of the present subsection (a)), is further revised so that even if a college charges full-time tuition for fewer than 12 semester hours (or the equivalent thereof), the veteran must take at least 12 such hours (or the equivalent thereof) to receive a full-time allowance. The P.L. 91–219 amendment left the minimum number of hours open-ended in such a situation. However, in a July 17, 1970, letter to the Chairman of the Subcommittee, the Administrator of Veterans Affairs advised that a nationwide survey conducted after enactment of P.L. 91–219 had indicated that, contrary to advice previously given (see page 53 of S. Rep. No. 91–487), there were very many schools charging full-time tuition for less than 12 hours, quite a few for only 7 or 8 hours per semester. (The letter and survey are set forth in the appendix to this report.) This would have had the effect of reducing part-time requirements to extremely low levels. The proposed revision would correct this.

(2) The credit/non-credit provision in the "Notwithstanding" clause in the present section 1684(a), also added by P.L. 91–219, is revised to permit any number of non-credit courses to be counted toward full- and part-time minimum requirements as long as such courses are required by the school to be taken. (This new provision is simplified and inserted at the start of clause (3) of the proposed new section 1786 in a parenthetical rather than in the same form as the present "Notwithstanding" provision.) The P.L. 91–219 amendment permitted such non-credit hours to be counted up to a number equal to the number of credit hours taken. The Administrator's July 17, 1970, letter, referred to in (1) above, also noted that the survey had discovered that many schools gave full non-credit programs and that under VA regulations in effect prior to enactment of P.L. 91–219, veterans enrolled in such programs would be able to use their full GI bill entitlement. This regulation (38 C.F.R. 21.4272(f)) had not been pointed out to the Subcommittee prior to enactment of this provision, which was intended to be a liberalization not a tightening of then present requirements regarding non-credit deficiency courses. The proposed revision would embody the VA regulation.

(3) The non-credit/credit provision is made applicable to chapter 35. The VA supports this extension of the statutory provision to reflect its practice already with respect to war orphans, wives and widows training under chapter 35.

Clause (*2*). Strikes the present section 1787, relating to false or misleading statements (which would be made subsection (d) in the new subsection), and incorporates a number of existing chapter 34, 35 and 36 provisions in this new section 1787 as follows:

Subsection (*a*) *of the new section 1787. Clause* (*1*). Incorporates clause (1) of the present sections 1685 and 1734, relating to overcharges by educational institutions.

Clause (*2*). Provides that the Administrator may disapprove a school for GI bill purposes in the future if he finds that it has altered its tuition and fee policy for veterans so substantially as to deny the benefit of the advance and prepayment of allowances system which the new section 1780 would establish. The purpose of this provision is to preserve the value of the initial advance payment for the benefit of the veteran and to discourage schools from demanding earlier payment of any substantially greater amount of tuition after the new system is enacted. (Clause (2) in present sections 1687 and 1736 is rendered unnecessary by virtue of the combination provision in chapter 36.)

Subsection (c) of the new section 1787. Incorporates present section 1786, relating to examination of records.

Subsection (d) of the new section 1787. Incorporates present section 1787, relating to false or misleading statements.

Section 304. Strikes out various provisions, redesignates others and amends the table of sections in present chapters 34 and 35, all necessary as a result of incorporation of provisions from these chapters in chapter 36 by other provisions of the committee substitute.

Section 305. Incorporates the provisions of S. 3907 to amend section 3013 of title 38, United States Code, relating to effective dates of educational benefits, to provide that a "voc rehab" or GI bill trainee who acquires a dependent shall have his GI bill allowance increased from the date he legally acquires that dependent, not when the VA receives notice of such acquisition (the present rule), as long as he gives notice within one year thereof. This new provision would be generally consistent with a number of other effective date provisions, which take effect on the happening of the event in question, for payment of disability compensation under chapter 11 of title 38.

Section 306. As a companion to the new section 1688, which would be added by section 203 of the committee substitute, repeals the NDEA loan cancellation-for-military-service provision added in P.L. 91-230 (see discussion of new section 1688 under "Explanation of the Bill", above). The effective date of the repealer is July 1, 1970, which would have the effect of precluding anyone from having acquired any benefit under that provision.

TITLE IV

Section 401. Establishes an effective date for the bill of the first day of the second calendar month following the month of enactment.

Title Amendment. The title would be amended to be more descriptive of the provisions included in the committee substitute.

COST ESTIMATE

The Veterans' Administration estimates the first full-year cost of the provisions of the committee substitute to be $31.25 million, broken down as follows:

Work-Study Program Provision: It is estimated that no more than 56,000 student veterans could be engaged annually under work-study agreements to serve in VA programs, resulting in a full-year cost of $14,000,000 in direct work-study allowance payments (with no adjustment for overpayments recovered because of unfulfilled agreements) and $250,000 in administrative costs.

Active-Duty Post-Secondary Education Provision: It is estimated that the first full-year cost would be $17,000,000 covering 39,000 servicemen using GI bill entitlements after 180 days of active duty service. Much of this initial cost would be cancelled out by commensurate reductions in use of entitlement by these servicemen after two years of active-duty service or after their discharge.

Repayment of Education Loan Provision: It is estimated that costs will not be entailed until the third year of operation, FY 1973, during which year they will approximate $14.7 million. Thereafter they increase yearly, and those estimates and the bases for them are set forth in the September 23, 1970, Veterans' Administration memorandum from the Chief Benefits Director to the General Counsel, which is included in the Appendix to this report.

AGENCY REPORTS

The reports of the Veterans' Administration and the Bureau of the Budget on S. 3657, S. 3683 and S. 3907 and of the Small Business Administration and the Department of Defense on S. 3683, follow:

VETERANS' ADMINISTRATION,
OFFICE OF THE ADMINISTRATOR OF VETERANS' AFFAIRS,
Washington, D.C., June 9, 1970.

Hon. RALPH YARBOROUGH,
Chairman, Committee on Labor and Public Welfare,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This will respond to your request for a report by the Veterans Administration on S. 3657, 91st Congress, a bill "To amend chapter 34 of title 38, United States Code, to authorize advance educational assistance allowance payments to eligible veterans at the beginning of any school year to assist such veterans in meeting educational and living expenses during the first two months of school, and to establish a veterans' work-study program through cancellation of such advance payment repayment obligations under certain circumstances."

S. 3657 would amend chapter 34 of title 38, United States Code, by adding a new section 1688 at the end of subchapter IV. In general, the new section would authorize advance payments to veterans to assist them in meeting education and living expenses during the first two months of the school year and would also permit veterans to participate in a work-study program whereby they could have their advance partially or totally cancelled through performing certain services for the Veterans' Administration.

More specifically, section 2 of the bill authorizes an advance payment upon the application of an eligible veteran who intends to pursue a full-time course of education in an amount not to exceed $250 payable immediately prior to or at the beginning of any school year (defined in the bill as the beginning of any quarter, semester, or other term on which an educational institution operates). The advance payment would be considered a loan to be repaid by deductions, in approximately equal amounts, from the veteran's monthly educational assistance allowance.

In order to qualify for the advance, the veteran must (1) submit evidence showing he is an eligible veteran, (2) certify that he is enrolled in, has applied for, has been accepted by, or intends to enroll in a specified school, (3) certify whether the school defines the course to be full-time and the number of semester or clock hours he intends to pursue; and (4) certify he has at least six months of educational entitlement available to him under chapter 34 of title 38. The amount of the advance payment which may be paid to veterans pursuing programs of education on less than a full-time basis would be set by the Administrator. No advance payments may be made to veterans pursuing less than half-time programs of education or to those taking correspondence courses.

If the veteran fails to qualify for such an allowance, the advance would be repayable in such manner as the Administrator prescribes. If the veteran fails to enroll in and pursue an approved course of education within 30 days after the advance payment is made to him, the payment would become due and payable on the first day of the month following the month in which the Administrator determines the veteran has failed to enroll. The loan would bear interest at the rate of 6 per cent per annum from that date.

The bill would also establish a work-study program under which a veteran (1) who has received an advance payment, (2) is pursuing a full-time program of education, (3) agrees to work up to 15 hours per week, (4) is in need of augmentation of his allowance to stay in school, and (5) is capable of maintaining good standing in school while working, may perform services for the Veterans' Administration and have his loan cancelled at the rate of $2 for each hour worked. Such veterans would assist in the processing of educational applications filed with the Veterans' Administration or would perform various outreach services for educationally disadvantaged veterans. While performing such services, the veteran would be considered an intermittent employee of the Veterans' Administration serving without compensation, except for the purposes of various Civil Service benefits such as leave, retirement, and fringe benefits.

Under present law (38 U.S.C. 1681), the educational assistance allowance of an eligible veteran pursuing a program of education on a half-time or more basis is paid in arrears as soon as practicable after the Administrator is assured of the veteran's enrollment in and pursuit of the program of education for the period for which such allowance is to be paid. These payments do not begin, however, until after the veteran has enrolled and completed each month of training.

The President's Committee on the Vietnam Veteran, in its study, recognized that this delay in the initial payment of the educational allowance could have the effect of discouraging program participation by a veteran who cannot afford the initial outlay required by most schools and the necessary money for subsistence for himself and his family until the first payment is received. The Committee, in its report to the President dated March 26, 1970, made the following recommendation:

"Recommendation No. A-1—Encourage veterans to enter and follow through with a training program by providing an advance education assistance payment to help the veteran meet the initial costs of entering training."

Since this proposal could only be implemented through legislation, a draft bill was submitted to the President of the Senate by letter dated April 1, 1970. This resulted in the introduction of S. 3683.

Section 3 of S. 3683 would authorize an initial advance educational assistance payment to an eligible veteran pursuing a program of education on a half-time or more basis. The amount of the advance would represent the initial partial and the first full month of the benefit to which the veteran would be entitled. The advance would be authorized upon receipt of proof that the veteran has been accepted for enrollment in an approved educational institution. The payment would not be made earlier than the first day of the month in which pursuit of the program is to be commenced. Subsequent payments of the allowance would be made each month in advance subject to such proof of satisfactory progress as the Administrator may require. Any adjustment required would be made at the time the final payment is due.

In the event a veteran fails to enroll in the course after having received an advance payment, the Administrator would be permitted to recover the amount of the payment from any other Veterans' Administration benefits due the veteran or to recover such amount in the same manner as any other debt due the United States. Advance payments would not be permitted to be made to veterans pursuing programs of education consisting exclusively of flight or correspondence course training.

The recent amendment of the G.I. bill (Public Law 91-219) provides for a lump sum payment of the educational assistance allowance payable to veterans who are attending school on a less than half-time basis and to eligible servicemen for the entire quarter, semester, or term during the month immediately following the month in which the enrollment certification is received. The advance payment proposals in both S. 3657 and S. 3683 would, we believe, be an extension of and comparable to the present law in that veterans attending school on a half-time or more basis would be permitted to apply for an advance payment prior to their enrollment in school.

S. 3683 would, in our view, appear to be better designed to aid the veteran in his attempt to obtain his education than the subject bill in that the amount of the advance payment he would receive under S. 3683 would generally be greater when dependents and beginning dates of school are taken into account. This greater amount would provide the veteran with the funds he needs at the time he initiates his training.

Subsection (e) of section 2 of S. 3657 would permit veterans who have received advances on their educational assistance allowance to be employed as intermittent employees of the Veterans' Administration to assist in processing educational applications and to work in the outreach program. There are no provisions for such a program in S. 3683.

There is much merit to the work-study proposal. However, it would appear more beneficial to the veteran if it was not connected to the advance payment repayment plan. Under the plan as provided in S. 3657, many veterans who could least afford to devote extra curricular time would feel obligated to work for the Veterans' Administration in order to repay the advance.

The Veterans' Administration does have certain peak loads of paper work during which it could utilize the services of these individuals. However, we believe that instead of limiting the employment of these students to the two programs set forth in the bill, it would be better to give the Veterans' Administration general statutory authority to employ these veteran-students at a time when their services are needed. We could, thereby, utilize these individuals not only for those instances of employment set forth in the measure, but for other programs as well, such as the income questionnaire program which we are required to conduct each year in conjunction with our pension program, thus affording an additional source of monetary assistance to those veteran-students who need to supplement their educational assistance allowance. Provision for these employees could be accommodated in our budget since we are presently using temporary help and overtime to perform these jobs.

We recommend, therefore, that the present language of subsection (e) of S. 3657 be deleted and general authority for the Administrator to employ students enrolled under the G.I. bill as intermittent employees, without regard to any other provision of law, and for a maximum number of hours of employment per week, be substituted. Such amended provision could, of course, specify that payment at a certain hourly rate be paid, but we believe it would be preferable to pay such students in accordance with the going rate for the job classification. Such rates are presently more than the proposed $2 per hour as provided in S. 3657.

As a technical matter, we note that paragraph (c)(1) of the new subsection 1688 created by S. 3657 provides that the advance payment may be made to any eligible veteran who submits evidence that he is an eligible veteran as defined in section 1652(a)(1) of chapter 34 of title 38. This could include an individual who has been discharged from active duty even though he may now be on active duty. We do not believe it is the intent to prepay additional living expenses to a veteran on active duty. We believe that this could be clarified by adding the words "not on active duty" immediately following the words "eligible veteran" on page 3, line 21, of the bill.

While we have no experience with advance payments to eligible veterans to serve as a basis for estimating the number who might request an advance or who might qualify to work in order to cancel their loan, our best estimate of the cost of direct benefits is $14 million in fiscal year 1971, totaling approximately $80 million for the first five years. The administrative costs are estimated to total at least $9.6 million in fiscal year 1971, totaling approximately $55 million for the first five years. A more detailed explanation of the basis for these estimates is enclosed.

We are in favor of the principle of advance payment of educational assistance allowance payments for veterans. We believe, however, that the provisions for handling such payments as set forth in S. 3683 are preferable to those contained in S. 3657. While we cannot recommend enactment of the work-study provision as set forth in S. 3657, we would have no objection to the enactment of general statutory authority permitting the employment of veteran-students as intermittent employees on the basis suggested earlier in this report.

We are advised by the Bureau of the Budget that there is no objection from the standpoint of the Administration's program to the presentation of this report to your Committee.

Sincerely,

Donald E. Johnson, *Administrator*.

Enclosure.

COST ESTIMATE—S. 3657, 91ST CONGRESS

1. If S. 3657, 91st Congress, were enacted, approximately one million individuals would become eligible to apply for an advance payment in FY–1971. Some of these veterans enroll for one semester or quarter at a time and therefore might request a second or third advance payment during the year as they re-enroll for the next school period, reaching a potential of 1.3 million advance payments in FY–1971. Approximately 624,000 of these veterans are expected to train on a full-time basis and therefore might request the opportunity to cancel their advance payment by working at $2 an hour for 125 hours; presumably, those who re-enroll for a second or third time during the school year might request cancellation for each advance, thus supplementing their educational assistance allowance as much as $750 per school year.

2. This proposal would involve additional administrative actions or liability as follows:

a. Authorization and issuance of an additional check on an expedited basis.

b. Reviewing applications for cancellation of indebtedness to determine whether the veteran is *in need* of augmentation of his educational assistance allowance and then screening the eligible to select those most in need, if the number of eligible applicants exceeds the number of "appropriate and desirable" work opportunities.

c. Development of appropriate work opportunities at individual educational institutions in cooperation with school officials. Scheduling of workers to conform with work needs.

d. Processing of records necessary to record work performed and credit the veteran's account periodically. Additional correspondence with students concerning work opportunities and work credits earned.

e. Training and supervision of these "intermittent employees."

f. Provision for appropriate working space and necessary equipment.

g. Travel funds, as required.

h. Liability of the government for any injuries sustained by these "intermittent employees" while on duty, e.g., outreach visits (not estimated).

i. Expenses incurred by individual schools in implementation of the proposed work-study program for which they might petition reimbursement (not estimated).

3. We have no experience with advance payments to serve as a basis for estimating the number of eligible persons who might request an advance or who might ask to work in order to cancel their loan. If all potentially eligible veterans were to receive an advance payment and liquidate it by working, the additional direct benefits cost in FY-1971 could be as high as $203,000,000. However, at this point we cannot foresee the possibility of more than 56,000 students being appropriately employed in activities which would serve to cancel their obligation. On this basis, we would anticipate the increase in direct benefits cost to be about $14,000,000 in FY–1971, totaling about $80,000,000 in the first five years. To the extent that defaults occur, this would in-

crease the direct benefits cost at least temporarily until the overpayments could be liquidated.

4. Assuming the number of participants cited in paragraphs 1 and 3 above, the increase in administrative costs is expected to total at least $9,600,000 in FY-1971, reaching a total of at least $55,000,000 for the first five years. This estimate makes no allowance for the potential costs cited in paragraphs 2h and i above.

5. The combined administrative and direct benefit cost for this proposal might approximate $23,600,000 in FY-1971, reaching a total of $135,000,000 for the first five years.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., June 10, 1970.

Hon. RALPH YARBOROUGH,
Chairman, Committee on Labor and Public Welfare, U.S. Senate, Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request of April 1, 1970, for the views of the Bureau of the Budget on S. 3657, a bill "To amend chapter 34 of title 38, United States Code, to authorize advance educational assistance allowance payments to eligible veterans at the beginning of any school year to assist such veterans in meeting educational and living expenses during the first two months of school, and to establish a veterans' work-study program through cancellation of such advance payment repayment obligations under certain circumstances."

In its report on S. 3657 the Veterans Administration indicates its view that the advance payment provisions in S. 3683, the Administration's "Vietnam Veterans Assistance Act of 1970," are better designed to aid the veteran in obtaining his education than those in S. 3657. The Veterans Administration also recommends against the enactment of the work-study provisions set forth in S. 3657; however, it states that it has no objection to the enactment of general authority that would permit employment of veteran students as intermittent employees on the basis outlined in the report.

We concur in the views expressed by the Veterans Administration on S. 3657. Accordingly, we favor enactment of S. 3683 with the amendments proposed by the Veterans Administration in lieu of S. 3657.

Sincerely,

WILFRED H. ROMMEL,
Assistant Director for Legislative Reference.

VETERANS' ADMINISTRATION,
Washington, D.C., May 8, 1970.

Hon. RALPH YARBOROUGH,
Chairman, Committee on Labor and Public Welfare, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This will respond to your request for a report by the Veterans Administration on S. 3683, 91st Congress, a bill "To amend title 38, United States Code, in order to authorize the Administrator to make advance educational assistance payments to certain veterans; to make improvements in chapter 37 of such title; and for other purposes."

S. 3683 would authorize advance payments of educational assistance allowances, permit GI bill assistance to certain veterans in qualifying for Small Business Administration loans, permit servicemen to participate in post-secondary preparatory education programs after completion of six months of active duty, and authorize the Veterans Administration to guarantee loans by private lenders for the purchase of mobile homes.

The bill is identical to the draft bill transmitted to the President of the Senate by my letter of April 1, 1970. A copy of that letter and a section-by-section analysis of the draft bill are enclosed. We were advised by the Bureau of the Budget in connection with that letter that there was no objection to the presentation of the draft bill and that its enactment would be in accord with the program of the President.

The estimated first-year cost of section 2 of the bill relating to training by servicemen after completion of more than 180 days of active duty is $17 million. It is estimated that all other costs involved in the bill would be nominal.

We recommend favorable consideration of S. 3683 by your Committee.

Sincerely,

FRED B. RHODES,
Deputy Administrator
(For and in the absence of
Donald E. Johnson, Administrator).

Enclosures.

VETERANS' ADMINISTRATION,
Washington, D.C., April 1, 1970.

The Honorable SPIRO T. AGNEW,
President of the Senate,
Washington, D.C.

DEAR MR. PRESIDENT: Enclosed is a draft bill "To amend title 38, United States Code, in order to authorize the Administrator to make advance educational assistance payments to certain veterans; to make improvements in chapter 37 of such title; and for other purposes," with the request that it be introduced in order that it might be considered for enactment.

The provisions of the draft bill are designed to implement those recommendations contained in the report of the President's Committee on the Vietnam Veteran which cannot be accomplished administratively and which were not covered in the recently enacted "Veterans Education and Training Amendments Act of 1970."

Briefly, the draft bill would—

Authorize an advance payment of the educational assistance allowance in order to assist the veteran during the enrollment period meet the necessary initial outlay required by most schools for prepayment of fees, tuition, books, and the necessary money for subsistence for himself and his family until the first payment of the educational assistance allowance is received;

Permit cooperative GI bill educational training for disadvantaged or minority group veterans in qualifying for a Small Business Administration loan;

Revise the eligibility criteria for in-service programs to assist servicemen to prepare for post-secondary training while on active duty by permitting them to participate in such programs following the completion of six months of active duty; and

Authorize the Veterans Administration to guarantee loans by private lenders for the purchase of mobile homes.

There is enclosed a section-by-section analysis of the draft bill, together with an estimate of cost.

We are advised by the Bureau of the Budget that there is no objection to the presentation of this draft bill and its enactment would be in accord with the program of the President.

Sincerely,

DONALD E. JOHNSON,
Administrator.

Enclosures.

SECTION-BY-SECTION ANALYSIS

Section 1 of the draft bill provides that the Act may be cited as the "Vietnam Veterans Assistance Act of 1970."

Section 2 of the draft bill would amend section 1652 of title 38 by striking out in subsection (a)(2) the words "at least two years" and inserting in lieu thereof "more than 180 days." This provision of the draft bill would permit a serviceman after 180 days active duty to obtain further training. This will permit those in service to adjust education programs to the realities of their service. Many servicemen have more free time during the early part of their active duty service than at a later period during such service. This will facilitate their readjustment upon release from active duty and close the gap between servicemen and those who could further their careers without interruption. Under existing provisions of the GI bill, men in the active military service can qualify for GI bill payment of tuition and fees if they already have served at least two years.

The draft proposal would be an extension of the provision contained in the recently enacted "Veterans Education and Training Amendments Act of 1970" which permits educationally deficient servicemen to pursue courses leading to a high school diploma or its equivalent or to qualify for attendance at an approved educational institution, by permitting all servicemen who have served more than 180 days on active duty to pursue programs of education while still in the Armed Forces. For most men on active duty, military service is a period of interruption of schooling or employment. This period of active duty can be used to benefit the serviceman by giving him an opportunity to improve his skills or educational qualifications.

Section 2 of the draft bill would amend subsection (b) of section 1652 by inserting a new sentence at the end thereof. This added provision would enlarge the definition of program of education to include any approved unit course or subject, or combination thereof, pursued by an eligible veteran at an educational institution as required by the Administrator of the Small Business Administration as a condition to obtaining a small business loan under the Economic Opportunity Act of 1964, as amended. Most Vietnam veterans do not have the financial capacity for starting or expanding a business of their own. The veteran requires knowledge, experience, money, and business guidance to successfully operate a business.

Financial institutions require some training and expertise on the part of the borrower before lending money for business purposes, and the borrower's background and experience are important considerations in determining the risk involved in making the loan. Many small business ventures fail because of lack of business training. Coordinated training programs can provide the veteran with the knowledge necessary to carry on the bookkeeping, managerial, personnel, and other business functions. The bill permits a program structured to this need to be considered a program leading to an acceptable objective.

Section 3 of the draft bill would authorize the Administrator to make an initial advance payment of the educational assistance allowance to veterans enrolled in an educational institution half-time or more, plus the allowance for one full month, upon receipt of proof that the eligible veteran has been accepted for enrollment in an approved educational institution. Such payment would be made not earlier than the first of the month in which pursuit of the program is to commence.

The veteran who enrolls in institutional training must pay for his tuition either prior to commencement of classes or shortly thereafter. The amount which he is required to pay often will deter the veteran from entering training because this initial outlay will drain off his available funds.

Under existing law, the veteran can receive only a partial month payment of his Veterans Administration educational assistance allowance after he has completed his first calendar month of training. This payment is received after the necessary enrollment data has been submitted by the school and processed by the Veterans' Administration. By authorizing the advance payment when the school certifies he has been accepted for enrollment, he can be provided with funds to meet initial tuition and ongoing subsistence needs.

Administrative control over the propriety of such payment is provided for by authorizing the Administrator to withhold final payment of an enrollment period until proof of satisfactory pursuit of the program is furnished.

Section 4 of the draft bill would amend subchapter II of chapter 37, title 38, in order to make veterans not now in a position to take advantage of their GI home loan benefit eligible for a guaranteed loan to purchase a mobile home. The use of this special mobile home benefit would not bar the veteran from using his GI loan benefit later on to acquire a conventional type home when he can afford to do so.

This proposal would provide for guaranteed loan financing on more liberal terms than those obtainable on a conventional basis which usually necessitate substantial down payments. It would permit the guarantee of a loan of up to $10,000, repayable over a term as long as 12 years. Also, the loan could include an additional $3,000 to finance the purchase of a lot on which to place the mobile home. The interest rate on these loans would be established at the lowest possible level necessary to assure a reasonable supply of private lender financing.

Section 5 of the draft bill provides an effective date of the first day of the second month following the date of enactment, except the amendments made by section 4 would become effective the first day of the third month following the date of enactment.

A BILL To amend title 38, United States Code, in order to authorize the Administrator to make advance educational assistance payments to certain veterans; to make improvements in chapter 37 of such title; and for other purposes

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That this Act may be cited as the "Vietnam Veterans Assistance Act of 1970."

SEC. 2. Section 1652 of title 38, United States Code, is amended by—

(1) striking out "at least two years" in subsection (a)(2) and inserting in lieu thereof "more than 180 days"; and

(2) by adding at the end of subsection (b) a new sentence as follows: "Such term also means any unit course or subject, or combination of courses or subjects, pursued by an eligible veteran at an educational institution required by the Administrator of the Small Business Administration as a condition to obtaining financial assistance under the provsions of section 2902(a) of title 42."

SEC. 3. Subsections (d) and (e) of section 1681 of title 38, United States Code, are amended to read as follows:

"(d) The Administrator shall, except as provided in subsection (e) of this section, pay the initial educational assistance allowance of an enrollment period to an eligible veteran in an amount not to exceed the educational assistance allowance for the month or fraction thereof in which pursuit of the program will commence, plus the educational assistance allowance for one full month, upon receipt of proof that the eligible veteran has been accepted for enrollment in an approved educational institution on a half-time or more basis. Such payment shall not be made earlier than the first day of the month in which pursuit of the program is to commence. Subsequent payments of educational assistance allowance shall be made each month in advance, subject to such reports and proof of satisfactory pursuit of such program as the Administrator may require. The Administrator may withhold the final payment of an enrollment period until such proof is received and the amount appropriately adjusted. If the eligible veteran fails to enroll in the course after receiving the initial payment of the educational assistance allowance, the amount of such advance payment may be recovered from any benefit otherwise due the veteran under any law administered by the Veterans Administration or such overpayment shall constitute a liability of such eligible veteran and may be recovered in the same manner as any other debt due the United States."

"(e) No educational assistance allowance shall be paid to an eligible veteran enrolled in a program of education consisting exclusively of flight training or exclusively by correspondence for any period until the Administrator shall have received—

"(1) from the eligible veteran a certification as to his actual attendance during such period or, where the program is pursued by correspondence, a certificate as to the number of lessons actually completed by the veteran and serviced by the institution, and

"(2) from the educational institution, a certification, or an endorsement on the veteran's certificate, that such veteran was enrolled in and pursuing a course of education during such period and, in the case of an institution furnishing education to a veteran exclusively by correspondence, a certificate, or an endorsement on the veteran's certificate, as to the number of lessons completed by the veteran and serviced by the institution."

SEC. 4. (a) Subchapter II of chapter 37 of title 38, United States Code, is amended by adding at the end thereof the following new section:

"§ 1819. Loans to purchase mobile homes

"(a) Notwithstanding any other provisions of this chapter, any veteran eligible for loan guaranty benefits under this chapter who has maximum home loan guaranty entitlement available for use shall be eligible for the mobile home loan guaranty benefit under this section. Use of the mobile home loan guaranty benefit in this section shall preclude the use of any home loan guaranty entitlement under any other section of this chapter until the mobile home loan guaranteed under this section has been paid in full.

"(b) Any loan to a veteran eligible under subsection (a), if made by an approved lender in accordance with the provisions of this section, may be guaranteed by the Administrator if the loan is for the purpose of purchasing a new mobile home or for the purchase of a used mobile home provided such used mobile home is the security for a prior loan guaranteed under this section or is the security for a loan guaranteed or insured by another federal agency. Any loan for such purpose shall be submitted to the Administrator for approval prior to loan closing. Upon determining that the proposed loan is eligible for guaranty under this section the Administrator may issue a commitment to guarantee such loan and shall thereafter guarantee the loan when made if such loan qualifies therefor in all respects. The Administrator's guaranty shall not exceed thirty (30) per centum of the principal balance of the loan as of the date of the first uncured default in payment as defined by the Administrator. Payment of such guaranty shall be made only after liquidation of the security for the loan and the filing of an accounting with the Administrator. In such accounting the Administrator may allow the holder of the loan to charge against the liquidation or resale proceeds accrued unpaid interest to such cut-off date as he may establish, and such costs and expenses as he determines to be reasonable and proper.

"(c) In lieu of determining the reasonable value of the mobile home to be purchased with the proceeds of a proposed loan and establishing a loan maximum based on such reasonable value, the Administrator may establish a maximum loan amount based on the manufacturer's invoice cost to the dealer and such other cost factors as he considers proper to take into account. Irrespective of the basis utilized by the Administrator for determining the maximum permissible loan amount, no proposed loan shall be approved for guaranty if the loan amount exceeds $10,000 or if the term of the loan exceeds twelve years and thirty-two days. Such limitations on the amount and term of the loan, however, shall not be deemed to preclude the Administrator from consenting to necessary advances for the protection of the security or the holder's lien, or to a reasonable extension of the term or reamortization of a loan. In addition, no proposed loan shall be approved for guaranty unless—

"(1) the loan is repayable in approximately equal monthly installments;

"(2) the terms of repayment bear a proper relationship to the veteran's present and anticipated income and expenses, and the veteran is a satisfactory credit risk;

"(3) the loan will be secured by a first lien on the mobile home;

"(4) the amount of the loan (not to exceed $10,000 in any event) is not in excess of the maximum amount prescribed by the Administrator;

"(5) the veteran certifies, in such form as the Administrator may prescribe, that he will personally occupy the property as his home;

"(6) the mobile home is or will be placed on a site which is acceptable to the Administrator;

"(7) the interest rate to be charged on the loan does not exceed the permissible rate established by the Administrator;

"(8) a fee, not to exceed that specified in section 1818(d) of this chapter, has been received by the Administrator.

"(d) The Administrator shall establish such rate of interest or discount for mobile home loans as he determines to be necessary in order to assure a reasonable supply of mobile home loan financing for veterans under this section.

"(e) Notwithstanding the $10,000 limitation in subsection (c), a loan to purchase a mobile home to be guaranteed under this section may be increased by a sum not in excess of $3,000 or the reasonable value of the lot as determined by the Administrator, whichever is less, for the acquisition of a lot on which to place the mobile home provided a first lien is also obtained on such lot for the combined loan amount. In any such case the thirty (30) per centum limitation on the guaranty in subsection (b) shall be based on the combined loan amount.

"(f) Entitlement to the benefit used under this section may be restored by the Administrator provided the loan has been repaid in full.

"(g) The Administrator is hereby authorized and directed to promulgate such regulations as he determines to be necessary or appropriate in order to fully implement the provisions of this section, and in such regulations he may include any of the provisions in other sections of this chapter as he determines to be applicable or appropriate for loans guaranteed under this section. The Administrator shall have such powers in respect to matters arising under this section as he has in respect to loans guaranteed under other sections of this chapter.

"(h) No loans shall be guaranteed by the Administrator under the provisions of this section on and after July 1, 1973, except pursuant to commitments issued prior to such date."

(b) The table of sections at the beginning of chapter 37 of such title is amended by inserting immediately after "1818. Veterans who serve after January 31, 1955." the following:
"1819. Loans to purchase mobile homes."

SEC. 5. This Act shall become effective the first day of the second month following the date of enactment, except the amendments by section 4 shall become effective the first day of the third month following the date of enactment.

COST ESTIMATE

Draft bill "To amend title 38, United States Code, in order to authorize the Administrator to make advance educational assistance payments to certain veterans; to make improvements in chapter 37 of such title; and for other purposes."

1. Section 2:
   (a) Training by servicemen after completion of more than 180 days active duty
   First Year Cost: $17 million
   (b) Training to qualify for Small Business Administration Loan
   First Year Cost: Nominal
2. Section 3: Advance payment of educational assistance allowance
   First Year Cost: Nominal
3. Section 4: Mobile home guarantee loans
   First Year Cost: Minimal

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., April 21, 1970.

Hon. RALPH YARBOROUGH,
Chairman, Committee on Labor and Public Welfare, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request of April 8, 1970 for the views of the Bureau of the Budget on S. 3683, a bill "To amend title 38, United States Code, in order to authorize the Administrator to make advance educational assistance payments to certain veterans; to make improvements in chapter 37 of such title; and for other purposes."

S. 3683 is identical to draft legislation submitted by the Administrator of Veterans Affairs. The President has emphasized the importance of readjustment assistance to returning Vietnam veterans and established in June 1969 a Committee on the Vietnam Veterans. The bill would implement the legislative recommendations of that Committee.

Accordingly, we strongly recommend enactment of S. 3683, which would be in accord with the program of the President.

Sincerely,

WILFRED H. ROMMEL,
Assistant Director for Legislative Reference.

U.S. Government Small Business Administration,
Washington, D.C., June 23, 1970.

Hon. Ralph Yarborough,
Chairman, Committee on Labor and Public Welfare, U.S. Senate.
Washington, D.C.

Dear Mr. Chairman: This is in response to your request of April 8, 1970, for the views of the Small Business Administration regarding S. 3683, a bill "To amend title 38, United States Code, in order to authorize the Administrator [of Veterans' Affairs] to make advance educational assistance payments to certain veterans; to make improvements in chapter 37 of such title; and for other purposes."

S. 3683 is identical to legislation submitted by the Administrator of Veteran Affairs to implement the recommendations of the Committee on the Vietnam Veteran established by the President in June 1969. In establishing the Committee, the President emphasized the importance of readjustment assistance for returning Vietnam veterans.

Section 2(2) of the bill would amend section 1652 of title 38, United States Code, by enlarging the present definition of the term "program of education" as that term affects eligibility for veterans' educational benefits. Such term would be amended to include within it any course of instruction required by the Administrator of SBA as a condition precedent to the granting of an economic opportunity loan under title IV of the Economic Opportunity Act of 1964. As a result, any qualifying veteran applying for such a loan from SBA would find that the cost of any course of instruction so required would be compensable under title 38.

Many veterans, as well as many other applicants for SBA's economic opportunity loans, do not have the expertise to operate businesses of their own. SBA may therefore require that a veteran or other applicant complete certain management training courses before he is eligible to receive such a loan from SBA. We feel that completion of such courses gives any applicant a much greater chance of success in management of his own small business.

For these reasons, we strongly recommend the enactment of S. 3683.

The Bureau of the Budget has advised that there is no objection to the submission of this report, and that enactment of S. 3683 would be in accordance with the program of the President.

Sincerely,

Hilary Sandoval, Jr.,
Administrator.

Veterans' Administration,
Washington, D.C., June 9, 1970.

Hon. Ralph Yarborough,
Chairman, Committee on Labor and Public Welfare,
U.S. Senate,
Washington, D.C.

Dear Mr. Chairman: This will respond to your request for a report by the Veterans Administration on S. 3907, 91st Congress, a bill "To amend section 3013 of title 38, United States Code, in order to provide that the effective date of any increase in a subsistence or educational assistance allowance award under chapter 31 or 34 of such title, because of a change in dependency status, shall be the date of such change without the necessity for an application if proof is timely filed."

This bill proposes to amend section 3013 of title 38, United States Code, to provide that where an individual receiving benefits under chapter 31 or 34 of title 38 is entitled to an increase in such benefits due to marriage or the birth or adoption of a child, the effective date of such an increase shall be the date of such event if proof is received within one year from such marriage, birth or adoption.

Current law (38 USC 3013) provides that the effective date of awards of educational benefits under chapter 31, 34 or 35 of title 38 shall correspond, to the extent feasible, with the effective dates relating to awards of disability compensation. Under this provision, the effective date of the award of benefits under these chapters is the date of receipt of a claim.

The effect of the proposal made here is to allow an exception to current law by providing that the effective date of an increase in educational benefits made pursuant to chapter 31 or 34 based upon a marriage, birth or adoption would be the date of such event providing proof is received within one year from the happening of such event.

A number of specific effective date provisions are set forth in section 3010 of title 38, with respect to various other benefits administered by the Veterans Administration. In the case of disability compensation awarded under section 351 of title 38 for an injury or aggravation suffered by reason of hospitalization, medical or surgical treatment, or the pursuit of vocational rehabilitation or as the result of having submitted to an examination under any law administered by the Veterans Administration, the effective date of such benefits is the date the injury or aggravation was suffered if an application therefor is received within one year from such date. In the case of an award for dependency and indemnity compensation to a child, the effective date is the first day of the month in which the child's entitlement arose if application therefor is received within one year from such date.

It would appear that the proposal contained in S. 3907 would be a logical extension of the principle underlying these provisions of law. We do not, however, believe that the effective date provisions should be limited to educational benefits under chapter 31 or 34 of title 38, but should include all title 38 benefit awards. Such an expansion could be accomplished by deleting all of the language of the subject bill after the enacting clause and inserting in lieu thereof an amendment to section 3010 of title 38, while adding at the end thereof a new subsection to read as follows:

> "(1) The effective date of the award of additional benefits or any increase therein by reason of marriage or the birth or adoption of a child shall be the date of the event if proof thereof is received within one year from such marriage, birth or adoption, but not prior to the effective date of the basic award."

At the time of the introduction of S. 3907, the Chairman of the Veterans' Affairs Subcommittee of your Committee, while recognizing the desirability of uniformity in the application of awarding Veterans Administration benefits, took cognizance of the limitation of the jurisdiction of your Committee in the area of veterans benefits. Nevertheless, we would hope that the jurisdictional problems in connection with the consideration of the enlarged amendment we have suggested can be resolved.

Subject to the foregoing comments, we would have no objection to the favorable consideration of S. 3907 by your Committee.

We have been advised by the Bureau of the Budget that there is no objection from the standpoint of the Administration's program to making this report to your Committee.

Sincerely,

DONALD E. JOHNSON,
Administrator.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., June 11, 1970.

Hon. RALPH YARBOROUGH,
Chairman, Committee on Labor and Public Welfare, U.S. Senate, Senate Office Building, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for the view of the Bureau of the Budget on S. 3907, a bill "To amend section 3013 of title 38, United States Code in order to provide that the effective date of any increase in a subsistence or educational assistance allowance award under chapter 31 or 34 of such title, because of a change in dependency status, shall be the date of such change without the necessity for an application if proof is timely filed."

In its report on S. 3907 the Veterans Administration indicates that it has no objection to the favorable consideration of the bill, provided it is amended as suggested in its report.

We concur in the recommendation of the Veterans Administration and accordingly have no objection to the favorable consideration of S. 3907, if amended.

Sincerely,

WILFRED H. ROMMEL,
Assistant Director for Legislative Reference.

GENERAL COUNSEL OF THE DEPARTMENT OF DEFENSE,
Washington, D.C., April 27, 1970.

Hon. RALPH W. YARBOROUGH,
Chairman, Committee on Labor and Public Welfare,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request for the views of the Department of Defense on S. 3683, 91st Congress, a bill "To amend title 38 United States Code, in order to authorize the Administrator to make advance educational assistance payments to certain veterans; to make improvements in chapter 37 of such title; and for other purposes."

The purpose of the bill is to liberalize certain provisions of the law to: permit advanced payment of education benefits; permit education assistance toward meeting Small Business Administration requirements for loans; reduce active duty time for in-service benefits from 2 years to 180 days; and authorize VA-guaranteed loans for mobile homes.

S. 3683 is identical to the draft legislation submitted by the Administrator of Veterans Affairs. The President has emphasized the importance of readjustment assistance to returning Vietnam veterans and established in June 1969 a Committee on Vietnam Veterans. The bill would implement the legislative recommendations of that committee.

Accordingly we recommend enactment of S. 3683.

The Bureau of the Budget advises that there is no objection to the submission of this report and that the enactment of S. 3683 would be in accord with the program of the President.

Sincerely,

L. NIEDERLEHNER,
Acting General Counsel.

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., April 21, 1970.

Hon. RALPH YARBOROUGH,
Chairman, Committee on Labor and Public Welfare,
U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: This is in response to your request of April 8, 1970 for the views of the Bureau of the Budget on S. 3683, a bill "To amend title 38, United States Code, in order to authorize the Administrator to make advance educational assistance payments to certain veterans; to make improvements in chapter 37 of such title; and for other purposes."

S. 3683 is identical to draft legislation submitted by the Administrator of Veterans Affairs. The President has emphasized the importance of readjustment assistance to returning Vietnam veterans and established in June 1969 a Committee on the Vietnam Veterans. The bill would implement the legislative recommendations of that Committee.

Accordingly, we strongly recommend enactment of S. 3683, which would be in accord with the program of the President.

Sincerely,

WILFRED H. ROMMEL,
Assistant Director for Legislative Reference.

CHANGES IN EXISTING LAW

In compliance with subsection (4) of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, and existing law in which no change is proposed is shown in roman):

TITLE 38, UNITED STATES CODE

VETERANS' BENEFITS

* * * * * * *

PART III—READJUSTMENT AND RELATED BENEFITS

* * * * * * *

CHAPTER 31—VOCATIONAL REHABILITATION

* * * * * * *

§ 1502. Basic entitlement

(a) Every veteran who is in need of vocational rehabilitation on account of a service-connected disability which is, or but for the receipt of retirement pay would be, compensable under chapter 11 of this title shall be furnished such vocational rehabilitation as may be prescribed by the Administrator, if such disability—

(1) arose out of service during World War II or the Korean conflict; or

(2) arose out of service after World War II, and before the Korean conflict, or after the Korean conflict, and is rated for compensation purposes as 30 per centum or more, or if less than 30 per centum is clearly shown to have caused a pronounced employment handicap.

(b) Unless a longer period is prescribed by the Administrator, no course of vocational rehabilitation may exceed four years. If the veteran has pursued an educational or training program under chapters 33 (prior to its repeal), 34 or 35 of this title, such program shall be utilized to the fullest extent practical in determining the character and duration of the vocational rehabilitation to be furnished him under this chapter.

(c) Vocational rehabilitation may not be afforded outside of a State to a veteran on account of post-World War II service if the veteran, at the time of such service, was not a citizen of the United States.

(d) Veterans pursuing a program of vocational rehabilitation training under the provisions of this chapter shall also be eligible, where feasible,

for participation in the work-study program provided by section 1687 of this title.

* * * * * * *

§ 1507. Loans to trainees

The revolving fund which was established pursuant to part VII of Veterans Regulation Numbered 1(a) is continued in effect, and may be used by the Administrator, under regulations prescribed by him, for making advances, not in excess of [$100] *$200* in any case, to veterans commencing or undertaking courses of vocational rehabilitation. Such advances, and advances heretofore made, shall bear no interest and shall be repaid in such installments as may be determined by the Administrator, by proper deductions from future payments of subsistence allowance, compensation, pension, or retirement pay.

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CHAPTER 34—VETERANS' EDUCATIONAL ASSISTANCE

* * * * * * *

SUBCHAPTER IV—PAYMENTS TO ELIGIBLE VETERANS

1681. Educational assistance allowance.
1682. Computation of education assistance allowances.
1683. Apprenticeship or other on-job training.
[1684. Measurement of courses.]
[1685. Overcharges by educational institutions.]
1686. Approval of courses.
[1687. Discontinuance of allowances.]

WORK-STUDY PROGRAM

1687. Work-study additional educational assistance allowance; advances to eligible veterans.
1688. Repayment of Federal education loans.

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Subchapter I.—Purpose—Definitions

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§ 1652. Definitions

For the purposes of this chapter—

(a)(1) The term "eligible veteran" means any veteran who (A) served on active duty for a period of more than 180 days any part of which occurred after January 31, 1955, and who was discharged or released therefrom under conditions other than dishonorable or (B) was discharged or released from active duty after such date for a service-connected disability.

(2) The requirement of discharge or release, prescribed in paragraph (1)(A), shall be waived in the case of any individual who served [at least two years] *more than one hundred and eighty days* in an active-duty status for so long as he continues on active duty without a break therein.

(3) For purposes of paragraph (1)(A) and section 1661(a), the term "active duty" does not include any period during which an individual (A) was assigned full time by the Armed Forces to a civilian institution for a course of education which was substantially the

same as established courses offered to civilians, (B) served as a cadet or midshipman at one of the service academies, or (C) served under the provisions of section 511(d) of title 10 pursuant to an enlistment in the Army National Guard or the Air National Guard or as a Reserve for service in the Army Reserve, Naval Reserve, Air Force Reserve, Marine Corps Reserve, or Coast Guard Reserve.

(b) The term "program of education" means any curriculum or any combination of unit courses or subjects pursued at an educational institution which is generally accepted as necessary to fulfill requirements for the attainment of a predetermined and identified educational, professional, or vocational objective. Such term also means any curriculum of unit courses or subjects pursued at an educational institution which fulfill requirements for the attainment of more than one predetermined and identified educational, professional, or vocational objective if all the objectives pursued are generally recognized as being reasonably related to a single career field. *Such term also means any unit course or subject, or combination of courses or subjects, pursued by an eligible veteran at an educational institution, required by the Administrator of the Small Business Administration as a condition to obtaining financial assistance under the provisions of 402(a) of the Economic Opportunity Act of 1964 (42 U.S.C. 2902(a)).*

* * * * * * *

Subchapter III—Enrollment

* * * * * * *

§ 1677. Flight training

(a) The Administrator may approve the pursuit by an eligible veteran of flight training where such training is generally accepted as necessary for the attainment of a recognized vocational objective in the field of aviation or where generally recognized as ancillary to the pursuit of a vocational endeavor other than aviation, subject to the following conditions:

(1) the eligible veteran must possess a valid private pilot's license and meet the medical requirements necessary for a commercial pilot's license; and

(2) the flight school courses must meet the Federal Aviation Administration standards and be approved both by that Agency and the appropriate State approving agency.

(b) Each eligible veteran who is pursuing a program of education consisting exclusively of flight training approved as meeting the requirements of subsection (a) hereof, shall be paid an educational assistance allowance to be computed at the rate of 90 per centum of the established charges for tuition and fees which similarly circumstanced non-veterans enrolled in the same flight course are required to pay. Such allowance shall be paid monthly upon receipt of a certification [from the eligible veteran and the institution as to actual flight training received by, and the cost thereof to, the veteran during such month] *as required by section 1681(c) of this title.* In each such case the eligible veteran's period of entitlement shall be charged with one month for each $175 which is paid to the veteran as an educational assistance allowance for such course.

Subchapter IV—Payments to Eligible Veterans

§ 1681. Educational assistance allowance

[(a) The Administrator shall pay to each eligible veteran who is pursuing a program of education under this chapter an educational assistance allowance to meet, in part, the expenses of his subsistence, tuition, fees, supplies, books, equipment, and other educational costs.

[(b) The educational assistance allowance of an eligible veteran shall be paid, as provided in section 1682 of this title, only for the period of his enrollment as approved by the Administrator, but no allowance shall be paid—

[(1) to any veteran enrolled in a course which leads to a standard college degree for any period when such veteran is not pursuing his course in accordance with the regularly established policies and regulations of the educational institution and the requirements of this chapter, or of chapter 36;

[(2) to any veteran enrolled in a course which does not lead to a standard college degree for any day of absence in excess of thirty days in a twelve-month period, not counting as absences weekends or legal holidays established by Federal or State law during which the institution is not regularly in session; or

[(3) to any veteran pursuing his program exclusively by correspondence for any period during which no lessons were serviced by the institution.

[(c) The Administrator may, pursuant to such regulations as he may prescribe, determine enrollment in, pursuit of, and attendance at, any program of education or course by an eligible veteran for any period for which he receives an educational assistance allowance under this chapter for pursuing such program or course.

[(d) No educational assistance allowance shall be paid to an eligible veteran enrolled in a course in an educational institution which does not lead to a standard college degree for any period until the Administrator shall have received—

[(1) from the eligible veteran a certification as to his actual attendance during such period or where the program is pursued by correspondence a certificate as to the number of lessons actually completed by the veteran and serviced by the institution; and

[(2) from the educational institution, a certification, or an endorsement on the veteran's certificate, that such veteran was enrolled in and pursuing a course of education during such period and, the case of an institution furnishing education to a veteran exclusively by correspondence, a certificate, or an endorsement on the veteran's certificate, as to the number of lessons completed by the veteran and serviced by the institution. Notwithstanding the foregoing, the Administrator may pay an educational assistance allowance representing the initial payment of an enrollment period, not exceeding one full month, upon receipt of a certificate of enrollment.

[(e) Educational assistance allowances shall be paid as soon as practicable after the Administrator is assured of the veteran's enrollment in and pursuit of the program of education for the period for which such allowance is to be paid.]

General

(*a*) *The Administrator shall, in accordance with the applicable provisions of this section and section 1780 of this title, pay to each eligible veteran who is pursuing a program of education under this chapter an educational assistance allowance to meet, in part, the expenses of his subsistence, tuition, fees, supplies, books, equipment, and other educational costs.*

Institutional Training

(*b*) *The educational assistance allowance of an eligible veteran pursuing a program of education, other than correspondence or flight, at an educational institution shall be paid as provided in section 1780 of this title.*

Correspondence Training Certifications

(*c*) *No educational assistance allowance shall be paid to an eligible veteran enrolled in and pursuing a program of education exclusively by correspondence until the Administrator shall have received—*

(*1*) *from the eligible veteran a certificate as to the number of lessons actually completed by the veteran and serviced by the educational institution; and*

(*2*) *from the educational institution, a certification, or an endorsement on the veteran's certificate, as to the number of lessons completed by the veteran and serviced by the institution.*

Apprenticeship and Other On-Job Training

(*d*) *No educational assistance allowance shall be paid to an eligible veteran enrolled in and pursuing a program of apprenticeship or other training on the job until the Administrator shall have received—*

(*1*) *from the eligible veteran a certification as to his actual attendance during such period; and*

(*2*) *from the educational institution, a certification, or an endorsement on the veteran's certificate, that such veteran was enrolled in and pursing a program of apprenticeship or other training on the job during such period.*

Flight Training

(*e*) *No educational assistance allowance for any month shall be paid to an eligible veteran who is pursuing a program of education consisting exclusively of flight training until the Administrator shall have received a certification from the eligible veteran and the institution as to actual flight training received by, and the cost thereof to, the veteran during that month.*

§ 1682. Computation of educational assistance allowances

(a)(1) Except as provided in subsection (b), (c)(1), or (d) of this section, or section 1677 or 1683 of this title, while pursuing a program of education under this chapter of half-time or more, each eligible veteran shall be paid the monthly educational assistance allowance set forth in column II, III, IV, or V (whichever is applicable as determined by the veteran's dependency status) opposite the applicable type of program as shown in column I:

Column I	Column II	Column III	Column IV	Column V
Type of program	No dependents	One dependent	Two dependents	More than two dependents
				The amount in column IV, plus the following for each dependent in excess of two:
Institutional:				
Full-time	$175	$205	$230	$13
Three-quarter-time	128	152	177	10
Half-time	81	100	114	7
Cooperative	141	167	192	10

(2) A "cooperative" program, other than a "farm cooperative" program, means a full-time program of education which consists of institutional courses and alternate phases of training in a business or industrial establishment with the training in the business or industrial establishment being strictly supplemental to the institutional portion.

(b) The educational assistance allowance of an individual pursuing a program of education—

(1) while on active duty, or

(2) on less than a half-time basis, shall be computed at the rate of (A) the established charges for tuition and fees which the institution requires similarly circumstanced nonveterans enrolled in the same program to pay, or (B) $175 per month for a full-time course, whichever is the lesser. [Notwithstanding provisions of section 1681 of this title, payment of the educational assistance allowance provided by this subsection may, and the educational assistance allowance provided by section 1696(b) shall, be made to an eligible veteran in an amount computed for the entire quarter, semester, or term during the month immediately following the month in which certification is received from the educational institution that the veteran has enrolled in and is pursuing a program at such institution.]

* * * * * * *

[§ 1684. Measurement of courses

[(a) For the purposes of this chapter—

[(1) an institutional trade or technical course offered on a clock hour basis below the college level involving shop practice as an integral part thereof, shall be considered a full-time course when a minimum of thirty hours per week of attendance is required with no more than two and one-half hours of rest periods per week allowed;

[(2) an institutional course offered on a clock-hour basis below the college level in which theoretical or classroom instruction predominates shall be considered a full-time course when a minimum of twenty-five hours per week net of instruction (which may include customary intervals not to exceed ten minutes between hours of instruction) is required;

[(3) an academic high school course requiring sixteen units for a full course shall be considered a full-time course when a minimum of four units per year is required. For the purpose of this clause, a unit is defined to be not less than one hundred and twenty sixty-minute hours or their equivalent of study in any subject in one academic year; and

[(4) an institutional undergraduate course offered by a college or university on a quarter- or semester-hour basis for which credit is granted toward a standard college degree shall be considered a full-time course when a minimum of fourteen semester hours or its equivalent is required; except that where such college or university certifies, upon the request of the Administrator, that (A) full-time tuition is charged to all undergraduate students carrying a minimum of less than fourteen semester hours or the equivalent thereof, or (B) all undergraduate students carrying a minimum of less than fourteen semester hours or the equivalent thereof are considered to be pursuing a full-time course for other administrative purposes, then such an institutional undergraduate course offered by such college or university with such minimum number of semester hours, for which credit is granted toward a standard college degree, shall be considered a full-time course, but in the event such minimum number of semester hours under (B) is less than twelve hours or the equivalent thereof, then twelve semester hours or the equivalent thereof shall be considered a full-time course.

[Notwithstanding the provisions of clause (4), a veteran shall be considered to be pursuing a full-time course at a junior college, college, or university if (A) he is carrying a number of semester hours, or the equivalent thereof, necessary to be considered a full-time course under clause (4), (B) credit is granted toward a standard college degree for not less than half the number of those hours, and (C) he is carrying one or more courses for which no credit is granted toward such a degree but which he is required to take because of a deficiency in his education.

[(b) The Administrator shall define part-time training in the case of the types of courses referred to in subsection (a), and shall define full-time and part-time training in the case of all other types of courses pursued under this chapter.]

[§ 1685. Overcharges by educational institutions

[(a) If the Administrator finds that an educational institution has charged or received from any eligible veteran pursuing a program of education under this chapter any amount for any course in excess of the charges for tuition and fees which such institution requires similarly circumstanced nonveteran students, who are enrolled in the same course to pay, he may disapprove such educational institution for the enrollment of any eligible veteran not already enrolled therein under this chapter and any eligible veteran or person not already enrolled therein under chapter 31 or 35 of this title.

[(b) Any educational institution which has been disapproved under section 1734 of this title shall be deemed to be disapproved for the enrollment under this chapter of any eligible veteran not already enrolled therein.]

* * * * * * *

[§ 1687. Discontinuance of allowances

[The Administrator may discontinue the educational assistance allowance of any eligible veteran if he finds that the program of education or any course in which the eligible veteran is enrolled fails to meet any of the requirements of this chapter or chapter 36, or if he finds that the educational institution offering such program or course has violated any provision of this chapter or chapter 36, or fails to meet any of their requirements.]

Work-Study Program

§ 1687. Work-study additional educational assistance allowance; advances to eligible veterans

(a) *Notwithstanding any other provision of law, the Administrator shall pay a work-study additional educational assistance allowance (hereafter referred to as "work-study allowance") to any veteran pursuing on a full-time basis a course of vocational rehabilitation under chapter 31 of this title, or a program of education under this chapter, who enters into an agreement with the Administrator to perform services under the work-study program established by this section. Such allowance shall be paid in advance in the amount of $250 in return for such veteran's agreement to perform services, aggregating one hundred hours during a semester or other applicable enrollment period, required in connection with (1) the preparation and processing of necessary papers and other documents at educational institutions or regional offices or facilities of the Veterans' Administration, (2) the outreach services program under subchapter IV of chapter 3 of this title, (3) the provision of hospital and domiciliary care and medical treatment under chapter 17 of this title, or (4) any other activity of the Veterans' Administration as the Administrator shall determine appropriate. Advances of lesser amounts may be made in return for agreements to perform services for periods of less than one hundred hours, the amount of such advance to be prorated on the basis of the amount of a full advance. The Administrator may enter into a work-study agreement with a veteran who has satisfactorily pursued his courses during at least one enrollment period for the performance of service during a period between enrollments if such veteran certifies his intention to continue the pursuit of the program during the next enrollment period.*

(b) *If an eligible veteran, after having received in advance a work-study allowance under subsection (a) of this section, fails to fulfill his work obligation under the agreement for any reason, the amount due (based upon the pro rata portion of the work obligation which the veteran did not complete) as computed by the Administrator shall be considered an overpayment and shall become due and payable at the end of the enrollment period or at such time prior thereto when the Administrator determines that such obligation will not be completed prior to the end of the enrollment period. Any such amount due may be recovered from any benefit otherwise due the veteran under any law administered by the Veterans' Administration or shall, unless waived pursuant to section 3102 of this title, constitute a liability of such veteran to the United States and be recovered in the same manner as any other debt due the United States.*

(c) *In order to carry out the purposes of this section and to determine the number of veterans whose services the Veterans' Administration can effectively utilize and the types of services required to be performed by such veterans, the Administrator shall, at least once each year, conduct a* *survey to determine the numbers of veteran-students whose services under the work-study program can effectively be utilized during an enrollment period in each geographic area where Veterans' Administration activities are conducted. Based upon the results of such survey, the Administrator shall allocate to each Veterans' Administration regional office the number of agreements under subsection (a) of this section which the head of that office shall attempt to make during such enrollment period or periods prior to the next such survey. Each regional office shall further allocate to each educational institution, at which eligible veterans are enrolled pursuant to this chapter, within its area the number of such potential agreements based upon the ratio of the number of veterans enrolled in such institution to the total number of veterans enrolled in all such institutions in the regional area, except that, to the maximum extent feasible, 20 per centum of the allocated number of agreements shall be reserved for special allocation to those institutions with a substantially higher proportion of needy veteran-students than generally prevails at other institutions within such area. If the total number of agreements allocated to any educational institution cannot be filled by such institution, the number of such unmade potential agreements shall be reallocated to such other educational institution or institutions in the regional office area as the Administrator shall determine in accordance with regulations he shall prescribe.*

(d)(1) The Administrator shall, to the maximum extent feasible, enter into agreements with educational institutions under which such institutions will recommend, within their number of allocated agreements, which particular veteran-students enrolled in such institutions shall be offered work-study agreements under this section.

(2) The determination of which eligible veteran-students shall be offered work-study agreements shall be made in accordance with regulations prescribed by the Administrator. Such regulations shall include, but not be limited to, the following criteria—

(A) the need of the veteran to augment his educational assistance allowance;

(B) the availability to the veteran of transportation to the place where his services are to be performed;

(C) the motivation of the veteran;

(D) in the case of veterans who are members of a minority group, the disadvantages incurred by members of such group, and

(E) in the case of a disabled veteran pursuing a course of vocational rehabilitation under chapter 31 of this title, the compatability of the work assignment to the veteran's physical condition.

(e) No work-study agreement shall be entered into under this section which would—

(1) result in the displacement of employed workers or impair existing contracts for services, or

(2) involve the construction, operation, or maintenance of so much of any facility as is used or is to be used for sectarian instructions or as a place for religious worship.

§ 1686. Repayment of Federal education loans

(a) An eligible veteran who is obligated to repay an education loan made on or after April 13, 1970, pursuant to title II of the National Defense Education Act of 1958, part B of title IV of the Higher Education Act of 1965, part C of title VII and part B of title VIII of the Public

Health Service Act, the Omnibus Crime Control and Safe Streets Act of 1968, the Migration and Refugee Assistance Act, or from the revolving fund established by section 10 of the Act of June 18, 1934 (48 Stat. 986; 25 U.S.C. 470), or any other education loan made, insured, or guaranteed on or after April 13, 1970, under any Federal program, for education pursued prior to his performance of active duty service, may make application to the Administrator to accelerate payment of the educational assistance allowance for the purpose of paying off or reducing his indebtedness for such loan. Accelerated payment of educational assistance allowance under this section shall be made on the basis of unused educational entitlement, determined in accordance with section 1661(a) of this title, earned for the performance of active duty performed after June 30, 1970. The application shall contain such information as the Administrator may by regulation prescribe.

(b) Any payment of an accelerated allowance shall—

(1) be made no more than four times per veteran for each loan made or guaranteed under any provision of law referred to in subsection (a) of this section, and be made in an amount which the eligible veteran, within the educational benefits available to him, determines is most advantageous to him;

(2) be applied to both principal and interest remaining unpaid at the time the payment is made; and

(3) be charged to any unused entitlement which the eligible veteran has remaining under section 1661 (a) of this title for active duty performed after June 30, 1970, at the rate of educational assistance allowance to which he would be entitled, as computed under section 1682(a) of this title, at the time of application if he were pursuing an approved course of education on a full-time basis.

(c) The Administrator, upon receipt of an application made pursuant to subsection (a) of this section, shall obtain a certification from the head of the Federal department or agency involved in making or guaranteeing the loan in question as to the total amount of the principal and interest outstanding on the loan. Upon approval of the application, the Administrator shall transfer to such department or agency head the amount determined by the eligible veteran under subsection (b) of this section and still outstanding on the loan or loans in question. In the case of loans Federally guaranteed, directly or indirectly, the agency or department head in question shall make immediate payment to the lender of the full amount transferred to him and shall immediately send notice of such payment to the educational institution in question and other guarantors or endorsers on the loan.

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CHAPTER 35—WAR ORPHANS' AND WIDOWS' EDUCATIONAL ASSISTANCE

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SUBCHAPTER IV—PAYMENTS TO ELIGIBLE PERSONS

1731. Educational assistance allowance.
1732. Computation of educational assistance allowance.
[1733. Measurement of courses.]
[1734. Overcharges by educational institutions.]
1733. Approval of courses.
1734. Specialized vocational training courses.

[1735. Approval of courses.]
[1736. Discontinuance of allowances.]
[1737. Specialized vocational training courses.]

* * * * * * *

Subchapter IV—Payments to Eligible Persons

§ 1731. Educational assistance allowance

(a) The Administrator shall, *in accordance with the provisions of section 1780 of this title*, pay to the parent or guardian of each eligible person who is pursuing a program of education under this chapter, and who applies therefor on behalf of such eligible person, an educational assistance allowance to meet, in part, the expenses of the eligible person's subsistence, tuition, fees, supplies, books, equipment, and other educational costs.

[(b) The educational assistance allowance on behalf of an eligible person shall be paid, as provided in section 1732 of this title, only for the period of his enrollment as approved by the Administrator, but no allowance shall be paid—

[(1) on behalf of any person enrolled in a course which leads to a standard college degree for any period when such person is not pursuing his course in accordance with the regularly established policies and regulations of the educational institution and the requirements of this chapter; or

[(2) on behalf of any person enrolled in a course which does not lead to a standard college degree for any day of absence in excess of thirty days in a twelve-month period, not counting as absences weekends or legal holidays established by Federal or State law (or in the case of the Republic of the Philippines, Philippine law) during which the institution is not regularly in session.]

[(c) The Administrator may, pursuant to such regulations as he may prescribe, determine enrollment in, pursuit of, and attendance at, any program of education or course by an eligible person for any period for which an educational assistance allowance is paid on behalf of such eligible person under this chapter for pursuing such program or course.]

[(d)] *(b)* No educational assistance allowance shall be paid on behalf of an eligible person enrolled in a course in an educational institution which does not lead to a standard college degree for any period until the Administrator shall have received—

(1) from the eligible person a certification as to his actual attendance during such period; and

(2) from the educational institution, a certification, or an endorsement on the eligible person's certificate, that he was enrolled in and pursuing a course of education during such period.

[(e) Educational assistance allowances shall be paid as soon as practicable after the Administrator is assured of the eligible person's enrollment in and pursuit of the program of education for the period for which such allowance is to be paid.]

* * * * * * *

[§ 1733. Measurement of courses

[(a) For the purposes of this chapter, (1) an institutional trade or technical course offered on a clock-hour basis below the college level involving shop practice as an integral part thereof, shall be considered a full-time course when a minimum of thirty hours per week of attendance is required with no more than two and one-half hours of rest periods per week allowed, (2) an institutional course offered on a clock-hour basis below the college level in which theoretical or classroom instruction predominates shall be considered a full-time course when a minimum of twenty-five hours per week net of instruction is required, and (3) an institutional undergraduate course offered by a college or university on a quarter- or semester-hour basis for which credit is granted toward a standard college degree shall be considered a full-time course when a minimum of fourteen semester hours or its equivalent is required; except that where such college or university certifies, upon the request of the Administrator, that (A) full-time tuition is charged to all undergraduate students carrying a minimum of less than fourteen semester hours or the equivalent thereof, or (B) all undergraduate students carrying a minimum of less than fourteen semester hours or the equivalent thereof are considered to be pursuing a full-time course for other administrative purposes, then such an institutional undergraduate course offered by such a college or university with such minimum number of semester hours, for which credit is granted toward a standard college degree, shall be considered a full-time course, but in the event such minimum number of semester hours under clause (B) is less than twelve hours or the equivalent thereof, then twelve semester hours or the equivalent thereof shall be considered a full-time course.

[(b) The Administrator shall define part-time training in the case of the types of courses referred to in subsection (a), and shall define full-time and part-time training in the cases of all other types of courses pursued under this chapter.]

[§ 1734. Overcharges by educational institutions

[(a) If the Administrator finds that an educational institution has charged or received from any eligible person pursuing a course of education under this chapter any amount in excess of the charges for tuition and fees which such institution requires similarly circumstanced students, not receiving educational assistance under this chapter, who are enrolled in the same course to pay, he may disapprove such educational institution for the enrollment of any eligible person not already enrolled therein under this chapter and any eligible veteran not already enrolled therein under chapter 31 or 34 of this title.

[(b) Any educational institution which has been disapproved under section 1684 of this title shall be deemed to be disapproved for the enrollment under this chapter of any eligible person not already enrolled therein.]

[§ 1735.] § *1722.* Approval of courses

An eligible person shall receive the benefits of this chapter while enrolled in a course of education offered by an educational institution only if such course (1) is approved in accordance with the provisions of subchapter I of chapter 36 of this title, or (2) is approved for the enrollment of the particular individual under the provisions of section [1737] *1724* of this title.

[§ 1736. Discontinuance of allowances

[The Administrator may discontinue the educational assistance allowance of any eligible person if he finds that the course of education in which the eligible person is enrolled fails to meet any of the requirements of this chapter, or of chapter 36 of this title, or if he finds that the educational institution offering such course has violated any provision of this chapter, or of chapter 36 of this title, or fails to meet any of its requirements.]

[§ 1737.] § 1734. Specialized vocational training courses

The Administrator may approve a specialized course of vocational training leading to a predetermined vocational objective for the enrollment of an eligible person under this subchapter if he finds that such course, either alone or when combined with other courses, constitutes a program of education which is suitable for that person and is required because of a mental or physicial handicap.

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CHAPTER 36—ADMINISTRATION OF EDUCATIONAL BENEFITS

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SUBCHAPTER II—MISCELLANEOUS PROVISIONS

1780. Payment of educational assistance allowances.
1781. Limitations on educational assistance.
1782. Control by agencies of the United States.
1783. Conflicting interests.
1784. Reports by institutions; reporting fee.
1785. Overpayments to eligible persons or veterans.
[1786. Examination of records.]
[1787. False or misleading statements.]
1786. Measurement of courses.
1787. Overcharges by educational institutions; discontinuance of allowances; examination of records; false or misleading statements.
1788. Advisory committee.
1789. Institutions listed by Attorney General.
1790. Use of other Federal agencies.
1791. Limitation on period of assistance under two or more programs.

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Subchapter II—Miscellaneous Provisions

§ 1780. Payment of educational assistance allowances

Period for Which Payment May Be Made

(a) *Payment of educational assistance allowances to eligible veterans or persons pursuing a program of education, other than correspondence or flight, in an educational institution under chapter 34 or 35 of this title shall be paid as provided in this section and, as applicable, in section 1682 or section 1732 of this title. Such payments shall be paid only for the period of such veterans' or persons' enrollment, but no amount shall be paid—*

(1) *to any eligible veteran or person enrolled in a course which leads to a standard college degree for any period when such veteran or person is not pursuing his course in accordance with the regularly*

established policies and regulations of the educational institution and the requirements of this chapter or of chapter 34 or 35 of this title; or

(2) to any eligible veteran or person enrolled in a course which does not lead to a standard college degree for any day of absence in excess of thirty days in a twelve-month period, not counting as absences weekends or legal holidays established by Federal or State law (or in the case of the Republic of the Philippines, Philippine law) during which the institution is not regularly in session.

Advance Payment of Initial Educational Assistance Allowance

(b)(1) The authorization of an educational assistance allowance advance payment provided in this subsection is based upon a finding by the Congress that eligible veterans and persons need additional funds at the beginning of a school term to meet the expenses of books, travel, deposits and payments for living quarters, the initial installment of tuition, and the other special expenses which are concentrated at the beginning of a school term.

(2) Subject to the provisions of this subsection and under regulations which the Administrator shall prescribe, an eligible veteran or person shall be paid on educational assistance allowance advance payment. Such advance payment, except in unusual or extraordinary cases, shall be made within fifteen days after receipt of application therefor submitted by the eligible veteran or person pursuant to paragraph (3) of this subsection, but in no event earlier than thirty days prior to the date on which pursuit of his program of education is to commence and shall be made in an amount equivalent to the educational assistance allowance for the month or fraction thereof in which pursuit of the program will commence, plus the educational assistance allowance for the succeeding month. In no event shall an educational assistance allowance advance payment be made under this subsection to an eligible veteran or person intending to pursue a program of education on less than a half-time basis.

(3) The application to the Administrator for advance payment shall include—

(A) evidence showing (i) such veteran to be an "eligible veteran" as defined in section 1652(a)(1) of chapter 34 of this title, or (ii) such person to be an "eligible person" as defined in section 1701(a)(1) of chapter 35 of this title,

(B) a certificate by the eligible veteran or person (i) stating that he is enrolled, or has applied for, been accepted by and intends to enroll, in a specified educational institution and is pursuing, or plans to pursue, a specified approved course of education during such school year at such educational institution, (ii) specifying the expected date of enrollment if he has not yet enrolled in an educational institution, and (iii) specifying the number of semester hours (or equivalent) or clock hours he is pursuing, or intends to pursue, and

(C) in the case of an eligible veteran, information as to the number of persons he claims as dependents (as defined in section 1652(d) of this title).

(4) For purposes of the Administrator's determination whether any veteran or person is eligible for an advance payment under this section, the evidence and information submitted by such veteran or person pursuant to

paragraph (3) of this subsection shall establish his eligibility unless there is evidence in his file in the processing office establishing that he is ineligible for such advance payment.

Prepayment of Subsequent Educational Assistance Allowance

(c) Except as provided in subsection (e) of this section, subsequent payments of educational assistance allowance to an eligible veteran or person shall be prepaid each month, subject to such reports and proof of enrollment in and satisfactory pursuit of such programs as the Administrator may require. The Administrator may withhold the final payment of a period of enrollment until such proof is received and the final amount appropriately adjusted. In the case of an eligible veteran who submitted an application showing one or more dependents, but who does not submit evidence, acceptable to the Administrator pursuant to regulations he shall prescribe, of such dependents, the amount of the educational assistance allowance shall reflect the assumed existence of such dependents during a reasonable period to allow the veteran to furnish such proof, but such period shall not extend beyond sixty days or the end of the enrollment period, whichever is the earlier.

Recovery of Erroneous Payments

(d) If an eligible veteran or person fails to enroll in a course for which an educational assistance allowance advance payment is made, the amount of such payment and any amount of subsequent payments which, in whole or in part, are due to erroneous information furnished in the certificate referred to in subsection (b)(3)(B) of this section, shall become an overpayment and shall constitute a liability of such veteran or person to the United States and may be recovered, unless waived pursuant to section 3102 of this title, from any benefit otherwise due him under any law administered by the Veterans Administration or may be recovered in the same manner as any other debt due the United States.

Payments for "Less Than Half-Time" Training

(e) Payment of the educational assistance allowance computed under section 1682(b)(1) of this title for an individual pursuing a program of education while on active duty, or under section 1682(b)(2) or 1732(a)(2) of this title for an individual pursuing a program of education on a less than half-time basis may, and the educational assistance allowance computed under section 1696(b) of this title shall, be made in an amount computed for the entire quarter, semester, or term during the month immediately following the month in which certification is received from the educational institution that such individual has enrolled in and is pursuing a program at such institution.

Determination of Enrollment, Pursuit and Attendance

(f) The Administrator may, pursuant to regulations which he shall prescribe, determine enrollment in, pursuit of, and attendance at, any program of education or course by an eligible veteran or person for any period for which he receives an educational assistance allowance under this chapter for pursuing such program or course.

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[§ 1786. Examination of records

[The records and accounts of educational institutions pertaining to eligible persons or veterans who received education under chapter 34 or 35 of this title shall be available for examination by duly authorized representatives of the Government.]

§ 1786. Measurement of courses

(*a*) *For the purposes of this chapter, chapter 34, and chapter 35 of this title—*

(*1*) *an institutional trade or technical course offered on a clock-hour basis below the college level, involving shop practice as an integral part thereof, shall be considered a full-time course when a minimum of thirty hours per week of attendance is required with no more than two and one-half hours of rest periods per week allowed;*

(*2*) *an institutional course offered on a clock-hour basis below the college level in which theoretical or classroom instruction predominates shall be considered a full-time course when a minimum of twenty-five hours per week net of instruction (which may include customary intervals not to exceed ten minutes between hours of instruction) is required; and*

(*3*) *an institutional undergraduate course offered by a college or university on a quarter- or semester-hour basis shall be considered a full-time course when a minimum of fourteen semester hours or the equivalent thereof, for which credit is granted toward a standard college degree (including those for which no credit is granted but which are required to be taken to correct an educational deficiency), is required, except that where such college or university certifies, upon the request of the Administrator, that (A) full-time tuition is charged to all undergraduate students carrying a minimum of less than fourteen such semester hours or the equivalent thereof, or (B) all undergraduate students carrying a minimum of less than fourteen such semester hours or the equivalent thereof, are considered to be pursuing a full-time course for other administrative purposes, then such an institutional undergraduate course offered by such college or university with such minimum number of such semester hours shall be considered a full-time course, but in the event such minimum number of semester hours is less than twelve semester hours or the equivalent thereof, then twelve semester hours or the equivalent thereof shall be considered a full-time course.*

(*b*) *For the purpose of this chapter and chapter 34 of this title, an academic high school course requiring sixteen units for a full course shall be considered a full-time course when a minimum of four units per year is required. For the purpose of this subsection, a unit is defined to be not less than one hundred and twenty sixty-minute hours or their equivalent of study in any subject in one academic year.*

(*c*) *The Administrator shall define part-time training in the case of the types of courses referred to in subsection (a), and shall define full-time and part-time training in the case of all other types of courses pursued under chapter 34 or 35 of this title.*

[§ 1787. False or misleading statements

[Whenever the Administrator finds that an educational institution has willfully submitted a false or misleading claim, or that a person or veteran, with the complicity of an educational institution, has submitted such a claim, he shall make a complete report of the facts of the case to the appropriate State approving agency and, where deemed advisable, to the Attorney General of the United States for appropriate action.**]**

§ 1787. Overcharges by educational institutions; discontinuance of allowances; examination of records; false or misleading statements

Overcharges by Educational Institutions

(a) If the Administrator finds that an educational institution has—

(1) charged or received from any eligible veteran or person pursuing a program of education under chapter 34 or 35 of this title any amount for any course in excess of the charges for tuition and fees which such institution requires similarly circumstanced students not receiving assistance under these chapters who are enrolled in the same course to pay, or

(2) instituted, after the effective date of section 1780 of this title, a policy or practice with respect to the payment of tuition, fees, or other charges in the case of eligible veterans and the Administrator finds that the effect of such policy or practice substantially denies to veterans the benefits of the advance and prepayment allowances under such section, he may disapprove such educational institution for the enrollment of any eligible veteran or person not already enrolled therein under chapter 31, 34, or 35 of this title.

Discontinuance of Allowances

(b) The Administrator may discontinue the educational assistance allowance of any eligible veteran or person if he finds that the program of education or any course in which the eligible veteran or person is enrolled fails to meet any of the requirements of this chapter or chapter 34 or 35 of this title, or if he finds that the educational institution offering such program or course has violated any provision of this chapter or chapter 34 or 35, or fails to meet any of the requirements of such chapters.

Examination of Records

(c) The records and accounts of educational institutions pertaining to eligible veterans or persons who received educational assistance under chapter 31, 34, or 35 of this title shall be available for examination by duly authorized representatives of the Government.

False or Misleading Statements

(d) Whenever the Administrator finds that an educational institution has willfully submitted a false or misleading claim, or that a veteran or person, with the complicity of an educational institution, has submitted such a claim, he shall make a complete report of the facts of the case to the appropriate State approving agency and, where deemed advisable, to the Attorney General of the United States for appropriate action.

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PART IV—GENERAL ADMINISTRATIVE PROVISIONS

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CHAPTER 51—APPLICATIONS, EFFECTIVE DATES, AND PAYMENTS

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Subchapter II—Effective Dates

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§ 3013. Effective dates of educational benefits

Effective dates relating to awards under chapters 31, 34, and 35 of this title, shall to the extent feasible correspond to effective dates relating to awards of disability compensation; *except that the effective date of an increase in the award of subsistence allowance under chapter 31 of this title, or of educational assistance allowance or training assistance allowance under chapter 34 of this title, by reason of marriage or the birth or adoption of a child, shall be the date of such event if proof thereof is received within one year from the date of such marriage, birth, or adoption.*

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PUBLIC LAW 91-230

* * * * * * *

SEC. 501 (a) Section [205(a)(3)] *205(b)(3)* of the National Defense Education Act of 1958 is amended—

(1) by striking out "made prior to July 1, 1970 (plus interest)" and inserting in lieu thereof "(plus interest) (A)";

(2) thereafter by striking out "(A)", "(B)", or "(C)" wherever appearing therein and inserting in lieu thereof "(i)", "(ii)", or "(iii)", respectively; and

(3) by inserting before the semi-colon at the end thereof a comma and the following: "and (B) shall be canceled for service after June 30, 1970, as a member of the Armed Forces of the United States at the rate of 12½ per centum of the total amount of such loan plus interest thereon for each year of consecutive service".

* * * * * * *

(NOTE.—Section 205(a)(3) of the National Defense Education Act of 1958 was erroneously referred to in section 501(a) of Public Law 91-230 instead of section 205(b)(3). This error would be corrected by the bill as shown above.)

NATIONAL DEFENSE EDUCATION ACT OF 1958

* * * * * * *

TITLE II—LOANS TO STUDENTS IN INSTITUTIONS OF HIGHER EDUCATION

* * * * * * *

TERMS OF LOANS

SEC. 205. (a) * * *

(b) Loans from any such loan fund to any student by any institution of higher education shall be made on such terms and conditions as the institution may determine; subject, however, to such conditions, limitations, and requirements as Commissioner may prescribe (by regulation or in the agreement with the institutions) with a view to preventing impairment of the capital of the student loan fund to the maximum extent practicable in the light of the objective of enabling the student to complete his course of study; and except that—

* * * * *

(3) not to exceed 50 per centum of any such loan (plus interest) **[**A**]** shall be canceled for service as a full-time teacher in a public or other nonprofit elementary or secondary school in a State, in an institution of higher education, or in an elementary or secondary school overseas of the Armed Forces of the United States, at the rate of 10 per centum of the total amount of such loan plus interest thereon for each complete academic year or its equivalent (as determined under regulations of the Commissioner) of such service, except that **[**(i)**]** *(A)* such rate shall be 15 per centum for each complete academic year or its equivalent (as determined under regulations of the Commissioner) of service as a full-time teacher in a public or other nonprofit elementary or secondary school which is in the school district of a local educational agency which is eligible in such year for assistance pursuant to title II of Public Law 874, Eighty-first Congress, as amended, and which for purposes of this clause and for that year has been determined by the Commissioner, pursuant to regulations and after consultation with the State educational agency of the State in which the school is located, to be a school in which there is a high concentration of students from low-income families, except that (unless all of the schools so determined are schools in which the enrollment of children described in clause **[**(i), (ii) or (iii)**]** *(A)*, *(B)*, *or (C)* of section 103(a)(2) of such Public Law (using a low-income factor of $3,000) exceeds 50 per centum of the total enrollment of the school) the Commissioner shall not make such determination with respect to more than 25 per centum of the total of the public and other nonprofit elementary and secondary schools in any one State for any one year, **[**(ii)**]** *(B)* such rate shall be 15 per centum for each complete academic year or its equivalent (as so determined by regulations) of service as a full-time teacher of handicapped children (including mentally retarded, hard of hearing, deaf, speech impaired, visually handicapped, seriously emotionally disturbed or other health impaired children who by reason thereof require special education) in a public or other non-profit elementary or secondary school system, and **[**(iii)**]** *(C)* for the purposes of any cancellation pursuant to clause **[**(i) or (ii)**]** *(A) or (B)*, an additional 50 per centum of any such loan (plus interest) may be canceled but nothing in this paragraph shall authorize refunding any payment **[**, and (B) shall be canceled for service after June 30, 1970, as a member of the Armed Forces of the United States at the rate of 12½ per centum of the total amount of such loan plus interest thereon for each year of consecutive service**]**;

APPENDIX A.—REVISION IN PUBLIC LAW 91-219 PROVISIONS FOR MEASUREMENT OF COLLEGE COURSES

VETERANS' ADMINISTRATION,
Washington, D.C., July 17, 1970.

Hon. ALAN CRANSTON,
Chairman, Subcommittee on Veterans' Affairs, Committee on Labor and Public Welfare, U.S. Senate, Washington, D.C.

DEAR MR. CHAIRMAN: Your letter of June 9, 1970, raises certain questions concerning changes to the Veterans' Administration Regulations which implement title II of the Veterans' Education and Training Amendments Act of 1970.

Your first concern relates to the provisions (footnote 3 to Veterans' Administration Regulation 14270) that the minimum number of hours for full-time college study cannot be less than 12 semester hours, or its equivalent, under any circumstances. In this connection, you point out that the language of subsection 1684(a)(4)(A) of title 38, United States Code, states that when an approved educational institution charges full-time tuition for a given number of semester hours, less than 14, then that lesser number will be the full-time minimum at that particular institution, and that the statute establishes no floor on such minimum.

We agree that a literal reading of the statute supports the interpretation which you have placed on it, and that such an interpretation finds additional support in the language of the report of the Senate Committee on Labor and Public Welfare to accompany the bill which became Public Law 91-219 (Senate Report 91-487 to accompany H. R. 11959). Ordinarily, these facts would be conclusive. We were concerned, and the Veterans Administration Regulation referred to above reflects this concern, that the failure to include a floor under the number of semester hours, which could be recognized as full-time training, would seriously distort, rather than implement, the Congressional intent.

So far as we are aware, it was the understanding of all concerned, at the time that H. R. 11959 was under consideration, that 12 semester hours, or its equivalent, normally would be the minimum that any university or college would recognize as full-time training. This is confirmed by the following statement from the Senate report mentioned above:

"The testimony indicated that generally the minimum number of semester hours for tuition purposes at such institutions would not be less than 12, or its equivalent at schools on trimester or quarter systems."

Subsequently developed information shows that the real situation is far different. There is enclosed a copy of a recent telephonic survey of a number of states which indicates the scope of the problem.

In view of the real situation, I believe that our regulations which place a floor of 12 semester hours, or its equivalent, under the course load which can be recognized as full-time training for GI bill purposes, under both subsection 1684(a)(4)(A), and 1684(a)(4)(B), more closely accord to the actual Congressional intent than would a regulation which placed this floor solely under the (a)(4)(B) determinations. Obviously, however, it would be desirable for this matter to be clarified in the law itself.

Your second question relates to the matter of the measurement of part-time training. In those cases where less than 14 semester hours, or its equivalent, are intended to be full-time training by reason of the amendments made by Public Law 91-219, subsection (b) of section 1684 places upon the Administrator the responsibility to determine part-time training. Although we were, of course, fully cognizant of the statement in the Committee Report that it would contemplate that this discretionary authority would be utilized to redefine part-time minimum semester hour requirements so as to make them proportionate to the full-time minimum at a particular institution, because of the problem discussed above with respect to (a)(4)(A), we felt we should not modify the measurement of part-time courses at that time. Upon further review, however, we believe that the two problems are separate and agree that there is no reason for delaying adjusting the measurement criteria for part-time training. We, therefore, will prepare an amendment to Veterans Administration Regulation 14270 to provide that when 12 semester hours are considered to be full-time training, nine semester hours would be considered three-quarter-time training, and six semester hours half-time training.

In connection with this discussion of the measurement of training, I feel that we should point out that there is another aspect of the amendment made by Public Law 91-219 to section 1684 which can have effects which I believe were clearly not contemplated by the Congress. With respect to the measurement of courses at a junior college or university when combined with deficiency courses, the amended language of section 1684 provides:

"Notwithstanding the provisions of clause (4), a veteran shall be considered to be pursuing a full-time course at a junior college, college, or university if (A) he is carrying a number of semester hours, or the equivalent thereof, necessary to be considered a full-time course under clause (4), (B) credit is granted toward a standard college degree for *not less than half the number of those hours*, and (C) he is carrying one or more courses for which no credit is granted toward such a degree but which he is required to take because of a deficiency in his education." (underscoring supplied)

This was clearly intended as a liberalization, but, we find, in operation, it can have a restrictive effect, since it limits our flexibility to adjust to the ever changing educational courses. The enclosed survey shows that a number of colleges and universities now offer a full-time remedial program, no part of which is for college credit. Under these circumstances, I do not plan to interpret the quoted language with respect to the measurement of deficiency courses in a restrictive manner until the Congress has had an opportunity to review this question.

While the foregoing discussion has been directed to the provisions of section 1684, it relates to the measurement of courses applicable to the veterans educational assistance program, the same points are directly applicable to the interpretation of section 1733 which applies to the war orphans and widows educational assistance program.

Sincerely,

Donald E. Johnson, *Administrator.*

In order to appraise the potential effect of two provisions of Public Law 91–219 (Institutions of higher learning charging full tuition for less than 12 credit hours; and the restrictive effect of requiring that no more than one-half of a college student's program be remedial courses and not for credit) we conducted a hasty, informal poll. Staff employees here telephoned VA liaison officers in regional offices in twenty-one states, geographically scattered.

The poll was taken in one afternoon, and is necessarily incomplete even as to the situation in the states involved in the poll. For example, liaison officers reported on the schools where they had current records, or could get fast responses, or merely sampled from a large number. If desired, we could make a very thorough inquiry and come up with more complete figures. Xerox copies of the poll results, state by state, are attached.

It's obvious that there are a great many schools that charge full tuition for less than twelve credit hours. Many colleges and universities also offer full-time remedial programs, no parts of which are for college credit, and these could not qualify for veterans education allowances under the new law.

ARIZONA

1. Colleges and Universities that charge full tuition and fees for enrollment of less than 12 hours of credit:

   Eastern Arizona College (10 hours).
   Grand Canyon College (7 hours).
   University of Arizona (7 hours).
   Northern Arizona University (7 hours).
   Arizona State University (7 hours).

2. Colleges and Universities that offer a full-time remedial program, no part of which is for college credit: None.

CALIFORNIA

1. Colleges and Universities that charge full tuition and fees for enrollment of less than 12 hours of credit:

   Stanford University (1 charge for all enrollments, without regard to credits).
   Menlo College (1 charge for all enrollments, without regard to credits).
   Malles College (1 charge for all enrollments, without regard to credits).
   University of Redlands (11 hours).
   United States International University (11 hours).
   Calvert Theological Seminary (11 hours).
   Marymount College (9 hours).
   Harvey Mudd College (10 hours).
   University of San Diego (10 hours).
   Chapman College (9 hours).

2. Colleges and Universities that offer a full-time remedial program, no part of which is for college credit: This may occur during the summer term at any of the junior colleges in California.

COLORADO

1. Colleges and Universities that charge full tuition and fees for enrollment of less than 12 hours of credit:

    Iliff School of Theology.
    El Paso Community College.
    University of North Colorado.
    Regis.
    South Colorado State College.
    Metropolitan State College.
    University of Denver.
    Western State College.
    University of Colorado (all branches).
    Colorado State University.
    Colorado College.
    Denver Community College.
    Ft. Lewis College.
    Adams State College.
    Aims College.
    Arapaho Junior College.
    Lamar Community College.
    Northeastern Junior College.
    Mesa College.
    Temple Buell College.
    Trinadad Junior College.
    Conservative Baptist Theological Seminary.
    Loretta Heights.
    Colorado School of Mines.

2. Colleges and Universities that offer a full-time remedial program, no part of which is for college credit: University of Colorado (Special program for educationally underprivileged).

CONNECTICUT

1. Colleges and Universities that charge full tuition and fees for enrollment of less than 12 hours of credit: None.
2. Colleges and Universities that offer a full-time remedial program, no part of which is for college credit: None.

FLORIDA

1. Colleges and Universities that charge full tuition and fees for enrollment of less than 12 hours of credit:

    Seminole Junior College.
    Gulf Coast Junior College.
    Central Florida Junior College.
    College of Orlando.
    Florida A. & M. University.
    Florida Atlantic University.
    Florida State University.
    Florida Technical University.
    St. Petersburg Junior College.
    Stetson University.
    University of West Florida.

University of Florida.
University of South Florida.

2. Colleges and Universities that offer a full-time remedial program, no part of which is for college credit:

Central Florida Junior College.
Chipola Junior College.
Daytona Beach Junior College.
Edison.
Florida Junior College at Jacksonville.
Florida Keys Junior College.
Manatee Junior College.
North Florida Junior College.
Polk Junior College.
St. Johns River Junior College.
Tallahassee Junior College.
Emery Riddle Aero Institute.

INDIANA

1. Colleges and Universities that charge full tuition and fees for enrollment of less than 12 hours of credit:

Ball State University (10 hours).
Purdue (8 hours).

2. Colleges and Universities that offer a full-time remedial program, no part of which is for college credit: None.

KANSAS

1. Colleges and Universities that charge full tuition and fees for enrollment of less than 12 hours of credit:

Tabor College (11 or more hours).
Manhattan Bible College (10 or more hours).
Kansas State Teachers College of Emporia (7 or more hours).
Kansas State College of Pittsburgh (7 or more hours).
Ft. Hays Kansas State College (7 or more hours).
Dodge City Community Junior College (8 or more hours).
College of Emporia (any number of hours).

2. Colleges and Universities that offer a full-time remedial program, no part of which is for college credit: None.

KENTUCKY

1. Colleges and Universities that charge full tuition and fees for enrollment of less than 12 hours of credit: Bellarmine-Ursuline College, Louisville (11 hours).

2. Colleges and Universities that offer a full-time remedial program, no part of which is for college credit: None.

MARYLAND

1. Colleges and Universities that charge full tuition and fees for enrollment of less than 12 hours of credit: None.

2. Colleges and Universities that offer a full-time remedial program, no part of which is for college credit: Most colleges will let a student

take any amount of remedial work needed; however, they usually do not admit a student if he needs more than the equivalent of six hours of remedial work.

MASSACHUSETTS

1. Colleges and Universities that charge full tuition and fees for enrollment of less than 12 hours of credit:
    - Berkshire Community College.
    - Massachusetts Bay Community College.
    - Holyoke Community College.
    - Quinsigamond Community College.
    - Greenfield Community College.
    - Northern Essex Community College.
    - Mt. Wachusett Community College.
    - North Shore Community College.
    - Massasoit Community College.
2. Colleges and Universities that offer a full-time remedial program, no part of which is for college credit: Brandeis University.

MICHIGAN

1. College and Universities that charge full tuition and fees for enrollment of less than 12 hours of credit: University of Michigan (10 hours).
2. Colleges and Universities that offer a full-time remedial program, no part of which is for college credit:
    - Ferris State College.
    - University of Detroit.
    - (29 community colleges offer remedial courses. Some probably allow a student to be enrolled in remedial subjects only.)

MISSISSIPPI

1. Colleges and Universities that charge full tuition and fees for enrollment of less than 12 hours of credit: Mississippi State University (9 hours).
2. Colleges and Universities that offer a full-time remedial program, no part of which is for college credit:
    - Pearl River Junior College.
    - Northeast Mississippi Junior College.
    - Meridian Junior College.
    - Mississippi Delta Junior College.
    - Itawamba Junior College.
    - Natchez Junior College.
    - Northwest Mississippi Junior College.
    - Utica Junior College.
    - Southwest Mississippi Junior College.
    - Alcorn A. & M. College.
    - Rust College.
    - Clarke Memorial College.

MISSOURI

1. Colleges and Universities that charge full tuition and fees for enrollment of less than 12 hours of credit:
    - University of Missouri.
    - Central Missouri State College.
    - Lincoln University.
    - Missouri Southern College.
    - Northeast Missouri State College.
    - Northwest Missouri State College.
    - Southeast Missouri State College.
    - Southwest Missouri State College.
2. Colleges and Universities that offer a full-time remedial program, no part of which is for college credit:
    - Forest Park Community College.
    - Meramec Community College.

NEBRASKA

1. Colleges and Universities that charge full tuition and fees for enrollment of less than 12 hours of credit: None.
2. Colleges and Universities that offer a full-time remedial program, no part of which is for college credit: None.

NEW YORK

1. Colleges and Universities that charge full tuition and fees for enrollment of less than 12 hours of credit: Surveyed sample of 14 and found none.
2. Colleges and Universities that offer a full-time remedial program, no part of which is for college credit:
    - Sullivan County Community College.
    - New York University.
    - Columbia University.
    - Bernard Baruch School.
    - Brooklyn College.
    - (All but NYU give some credit if courses are passed.)

OHIO

1. Colleges and Universities that charge full tuition and fees for enrollment of less than 12 hours of credit:
    - Bowling Green (9 hours).
    - Ohio State (7 hours).
    - Kent State (9 hours).
    - Miami University (10 hours).
    - Ohio University (11 hours).
    - Jefferson County Technical Institute (9 hours).
    - Kittering College (10 hours).
    - Mt. Vernon College (8 hours).
    - No. Central Ohio Technical Institute (10 hours).
    - Methodist Theological (10 hours).
    - Winebrinner Seminary (10 hours).
    - Wilmington College (9 hours).
    - Columbus Technical Institute (10 hours).

2. Colleges and Universities that offer a full-time remedial program, no part of which is for college credit:

Franklin University.
Tri-County Technical Institute.
Northeast Technical Institute.
Four County Technical Institute.
Jefferson County Technical Institute.
Muskingnom Technical Institute.
Pinta County Technical Institute.

OREGON

1. Colleges and Universities that charge full tuition and fees for enrollment of less than 12 hours of credit: None.

2. Colleges and Universities that offer a full-time remedial program, no part of which is for college credit: None.

RHODE ISLAND

1. Colleges and Universities that charge full tuition and fees for enrollment of less than 12 hours of credit: None.

2. Colleges and Universities that offer a full-time remedial program, no part of which is for college credit: None.

SOUTH CAROLINA

1. Colleges and Universities that charge full tuition and fees for enrollment of less than 12 hours of credit: University of South Carolina (9 hours) (nine campus locations).

2. Colleges and Universities that offer a full-time remedial program, no part of which is for college credit: Benedict College, Columbia.

TEXAS

1. Colleges and Universities that charge full tuition and fees for enrollment of less than 12 hours of credit:

95 schools—checked about 50 percent.
Tarrant County Junior College (10 hours).
Cisco Junior College (10 hours).
Tyler Junior College (10 hours).
Austin College (9 hours).
Angelina College (9 hours).
Howard County Junior College (10 hours).
Kilgore College (9 hours).
Southern Methodist University (School of Business Administration only) (10 hours).

2. Colleges and Universities that offer a full-time remedial program, no part of which is for college credit: None.

UTAH

1. Colleges and Universities that charge full tuition and fees for enrollment of less than 12 hours of credit:

University of Utah.
Utah Tech, Provo.

Brigham Young University.
Utah State University.
Weaver State.
LDS Business College.
College of Eastern Utah.
Southern Utah State.
Dixie Junior College.
State College.

2. Colleges and Universities that offer a full-time remedial program, no part of which is for college credit:

Utah Tech, Provo.
Utah Tech, Salt Lake City.

APPENDIX B.—G.I. BILL REPAYMENT OF FEDERAL EDUCATION LOANS

SEPTEMBER 23, 1970.

Memorandum to: General Counsel.
From: Chief Benefits Director.
Subject: Cost Estimate S–3657, 91st Congress—Education Loans.

1. This estimate is limited to that part of S–3657 which provides for "repayment of Federal education loans" by charge against entitlement for education benefits under Chapter 34. In general, this proposal would give veterans an opportunity to pay a part or all of the remaining balance for certain education loans which were incurred after April 13, 1970, through charge against remaining entitlement which was earned subsequent to incurrence of the loan.

2. Much of the information needed as a basis for cost of this proposal is not available; therefore, this estimate is an attempt to assess the likely magnitude of cost under this proposal, based upon the following assumptions:

1st assumption

Persons who might benefit from this proposal are categorized into two groups:

(*a*) Persons eligible for loan repayment who would have been in training anyhow under current provisions of Chapter 34.

(*b*) Persons eligible for loan repayment who would not have entered training under Chapter 34 but who will use this opportunity to repay their educational loan by charge against entitlement under Chapter 34.

2d assumption

Approximately 2% of the loan repayment will be for veterans enrolled in schools below college level. This assumption recognizes Office of Education experience which indicates that 98% of their education loans are made to college students.

3d assumption

Past experience concerning the proportion of Chapter 34 trainees who had completed one or more years of college prior to service will continue relatively unchanged. This experience is as follows: 1 year, 6.5%; 2 years. 4.4%: 3 years, 1.8%; 4 years, 6.3%; 5 years, 2.5%: or a total of 21.5% who completed one or more years of college prior to service.

However, not all of these veterans would have received this education after April 13, 1970. This cost estimate includes only those years of education (loans) which are likely to have occurred subsequent to April 13, 1970.

4th assumption

Estimates obtained from participating Federal agencies indicate that approximately one of four college students receives an education loan; therefore, we have assumed that one of four veteran trainees who had completed one or more years of college prior to service received such a loan. Further, because of the apparent liberality of this proposal, we assume that this proportion for veterans eligible for loan repayment will be increased to one of three.

5th assumption

A relatively few veterans will be in an occupational field which exempts them from paying up to half of their loan. However, the fact that they can repay the entire loan by charging it to Chapter 34 entitlement may cause some of them to change to a more lucrative field of employment and use this repayment device. In any event, all of the veterans in such occupational fields are likely to use this device for repayment for at least half of their loan.

6th assumption

Some veterans eligible for loan repayment may elect to conserve all of their Chapter 34 entitlement for purposes of current training. We have assumed that this number will reduce the 33% (one of three) cited in the 4th assumption to 30%. We further assume that the remaining veterans will have sufficient unused entitlement to cover the entire amount of loan.

7th assumption

Most of the veterans who request loan repayment will request repayment of the entire loan in one payment. Based upon information from the Office of Education, we have estimated that the weighted average loan made for Fiscal Year 1970 was equal to $833, annual rate.

To allow for the annual increase in school costs and the cost of living, we have assumed an annual increase of 6% in the average amount of loan. These average rates are used to estimate the average total amount of loan incurred by an eligible veteran over all the years covered by his loan.

8th assumption

The number of eligible persons who will request loan repayment without entering training (Assumption 1(b)) are about two-thirds as large as the total number of persons who will request such repayment. Therefore, we multiplied the estimated cost applicable to trainees by the factor 167% to provide for the total cost of loan repayments.

9th assumption

There will be some cost avoidance for other agencies because of early repayment of the loan and cancellation of interest payments which otherwise would have been paid by the Federal government. The amount of such offset in cost is not reflected in the estimate of cost which would be paid by the Veterans Administration.

10th assumption

There will be an appreciable increase in administrative cost to the Veterans Administration. However, the extent of such increase cannot be determined until administrative procedures which would be required to implement this proposal are further defined. Therefore, the cost cited is for direct benefits only.

11th assumption

The estimate of veterans to whom this proposal would be applicable is based upon Department of Defense estimates of separation rates for Fiscal Year 1973 and subsequent years. Veterans separated prior to Fiscal Year 1973 are presumed to be ineligible. If the sharp decline in separation rates estimated by the Department of Defense (reduction to about one-third the FY 1970 rate by FY 1976) does not occur, this could increase the direct benefits cost through Fiscal Year 1975 to as much as twice the estimated level.

3. Our estimate of direct benefits cost, based upon assumptions one through eight above, is as follows:

	Persons using benefit			Direct benefits cost (millions)
	Trainees	Others	Total	
Fiscal year—				
1971				
1972				
1973	10,570	7,070	17,640	$14.7
1974	11,660	7,800	19,460	28.5
1975	11,940	7,990	19,930	39.1
1976	12,030	8,050	20,080	48.4
1977	12,140	8,140	20,280	53.5
5-year cost				184.2

4. It is likely that the direct benefits cost of this proposal will continue to increase each year. This is primarily due to the 6% annual increase in the average amount loaned. This problem is further complicated by changing rates of separation from the Armed Forces. However, for purposes of comparison we have estimated that the cost of direct benefits in Fiscal Year 1984 would approximate $71.3 million for 19,900 persons.

Olney B. Owen.

○

ERIC Clearinghouse

MAY 14 1971

on Adult Education